

# *City of Gulfport* *Mississippi*

## *Comprehensive Annual Financial Report*



*Fiscal Year Ending September 30, 2002*



# **CITY OF GULFPORT, MISSISSIPPI**

## **Comprehensive Annual Financial Report**

**For the Fiscal Year Ending September 30, 2002**



**Finance and Administration**



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# INTRODUCTORY SECTION

The Introductory Section is intended to familiarize the reader with the organizational structure of the city of Gulfport, Mississippi, the nature and scope of the services it provides and the specifics of its legal operating environment.





# CITY of GULFPORT

**KEN COMBS**  
*Mayor*

**Jimmie Jenkins**  
*Councilman, Ward One*

**Richard Rose**  
*Councilman, Ward Two*

**Ella Holmes-Hines**  
*Councilwoman, Ward Three*



*Mayor-Council Form of Government*

**Kim B. Savant**  
*Councilman, Ward Four*

**Ricky Dombrowski**  
*Councilman, Ward Five*

**Charles E. "Chuck" Teston**  
*Councilman, Ward Six*

**Billy Hewes**  
*Councilman, Ward Seven*

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March 31, 2003

Honorable Mayor and City Council  
City of Gulfport  
Gulfport, MS 39501

The Department of Finance and Administration is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Gulfport, Mississippi, prepared in accordance with accounting principles generally accepted in the United States of America for the fiscal year ended September 30, 2002. The purpose of the report is to provide citizens, investors and creditors, grantor agencies, and other interested parties with reliable financial information about the City. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the report is accurate in all material respects and is designed to present fairly the financial position and results of operations of various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Annual Financial Report consists of three parts. **(I) The Introductory Section** includes this transmittal letter, the City's organizational chart, a list of principal City officials, the geographic location of the City, and the certificate of Achievement for Excellence in Financial Reporting awarded for the 2001 CAFR. **(II) The Financial Section** includes the general-purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the independent auditor's report on the financial statement schedules. **(III) The Statistical Section** includes several tables of unaudited data describing the financial history of the City as well as other miscellaneous statistics, generally presented on a multi-year basis.

## **The Reporting Entity and Services Provided**

This report includes all funds and account groups of the City. The City is a member of the Harrison County Wastewater and Solid Waste Management District, a joint venture with other local cities to provide adequate wastewater treatment and solid waste disposal services. The city is also involved in a joint venture with the Memorial Hospital at Gulfport, an acute health care center. A synopsis of the two joint ventures' financial statements for the fiscal year ended September 30, 2002, is included in note 16 of the report.

Incorporated on July 28, 1898, Gulfport is located in South Mississippi in Harrison County. Gulfport is a code-charter municipality operating under a Mayor/Council form of government. The Mayor is full-time and the Council-members are part-time and elected by wards. The Mayor and Council serve concurrent four-year terms. On July 1, 1997 the City added two additional members to the council as a result of annexation bringing the total to seven.

In December 1993 the City annexed 33 square miles north of Gulfport becoming the second largest city in Mississippi with a land area of 62.37 square miles and a population in excess of 70,000. A full range of services are provided including: police and fire protection, water and sewer services, construction and maintenance of streets and infrastructure, planning and zoning, recreational and cultural services, and general administrative services.

## **Economic Conditions**

With about 6.7 miles of man-made white sandy beaches along the Gulf of Mexico, Gulfport enjoys being one of the fastest growing areas in the entire state. Home of the annual “Worlds Largest Fishing Rodeo,” Gulfport is a residential community that is blessed with a strong business center. The downtown area provides a strong professional center while the north central part of town provides a strong mercantile center.

Along beach drive are historic home sites with several motels scattered throughout to accommodate the golfing and water tourist that make up a large part of our economy. A large electric utility generating plant, shopping malls, along with several chain stores and restaurants provide for a continuing strong base that keeps our ad valorem tax rate one of the lowest on the Mississippi Gulf Coast.

Legalized dockside gaming brought the City two major casino operations, which created significant construction developments that have spilled over into the business and local community. Grand Casino’s opening of its five hundred-room hotel spurred several smaller chain motels opening on the City’s coastline. The Grand has recently finished this massive development which contains a 14,000 square foot spa, salon and fitness center along with 3 acres of water recreation on the inland side of highway 90. Due to this rapidly growing industry, we have seen our tourism figures rise month after month. There is no doubt that the gaming industry continues to have a positive economic impact on the Mississippi Gulf Coast and the City of Gulfport.

To illustrate this growth, the following table represents the number of post gaming and annexation non-residential and residential building permits issued over the past nine years.

Year	Non-Residential Permits Issued	Value	Residential Permits Issued	Value	Total Value Residential & Non-Residential
1994	83	18,112,577	247	44,476,477	62,589,034
1995	109	44,009,982	235	36,475,107	80,485,089
1996	114	48,344,467	229	29,197,221	77,541,688
1997	86	65,018,000	279	103,771,000	168,789,000
1998	127	136,862,454	302	30,724,941	167,587,395
1999	144	67,754,000	431	45,163,000	112,917,000
2000	100	37,518,632	471	83,867,868	121,386,500
2001	109	29,080,483	278	41,053,650	70,134,133
2002	30	39,723,000	320	29,475,000	69,198,000

## **Accomplishments**

### **Public Safety-Crime Prevention**

Gulfport Police Department’s fundamental goal is to provide a safe and secure community for all of it’s citizens and visitors. In an effort to reach this goal, partnerships have been formed with schools, businesses, and civic and religious organizations to achieve collaboration to enhance the quality of life and go beyond the scope of traditional policing programs.

The Public safety budget accounts for the largest portion of the City’s General Fund making up \$26 million or 55% of the City’s \$47 million adopted General Fund Budget for fiscal year ending September 30, 2003. Crime

prevention will remain a top priority in city government until our residents feel safe in their homes and on the streets. The total number of full time sworn police officers is at 203 bringing the total number of residents per sworn officer to approximately 370. Through the efforts of the police department in school participation, Gulfport is the only city in the nation that has been certified with ten “ Drug Free Schools.”

In 2002, calls for service decreased slightly and according to our latest crime statistics, total crime has increased by 7% from 2001 as indicated below:

Year	Murder	Rape	Robbery	Assault	Burglary	Larceny	Auto	Total
2001	10	37	147	2,498	1,129	3,656	404	7,881
2002	11	48	164	2,731	1,167	3,859	468	8,447
Change	+10%	+30%	+12%	+9%	+3%	+6%	+16%	+7%

### Public Safety-Fire Protection

Gulfport continues to set the standard with regards to fire protection. Recognizing the sanctity of life and safety, the Gulfport Fire Department is dedicated to the protection of it's citizens and visitors to our community. The City currently enjoys a class 4-fire rating. With a total of 12 fire stations strategically located throughout the city and 172 personnel, our firefighters can respond to emergencies within two to four minutes. Fire department personnel responded to 7,518 emergency calls, logged more than 22,000 man-hours of training, educated 7,010 elementary age children in fire safety, and conducted 2,085 inspections.

Thanks to a combination of efficient and innovative management, our police and fire departments are better equipped to help make our streets and our neighborhoods safer.

### Judicial ( Courts )

The Municipal Court underwent significant change during the past fiscal year. In August of 2001, a management audit commissioned by the City disclosed significant weaknesses in the operational effectiveness and efficiency of the City's Municipal Court. Due to these findings, a complete overhaul of the court system has begun, with major changes in personnel structure and procedures currently underway.

Gulfport's Municipal Court has been considered as the second busiest municipal court in the state and the growth continues as evidenced in the table below. Cases increased more than 11% from 2000 to 2001 and decreased 7% from 2001 to 2002.

	2000	2001	2002
Cases Processed	35,906	39,690	37,052
Percent Increase		+11%	-7%

### Leisure Services

The Department of Leisure Services is committed to increasing the quality of life for Gulfport's citizens in the area of culture and recreation. Improvements to City recreation and parks facilities continue to provide participants all across the City with leisure activities year round. The Department of Leisure Services has four new baseball/softball fields which will be available at the Gulfport Sportsplex in Spring 2003. The City has also purchased forty (40) acres of park space off Prudie Circle Drive for the development of park space and fields for baseball/softball and soccer/football, which are under contract and being funded by Harrison County with an expected completion during the summer of 2003. Tideland grants in the amount of \$200,000 for Cowan/Lorraine Road Boat Launch were received in late 2002. The project is a joint project with Kremer Marine, MDOT, and the City of Gulfport. This facility is currently out for bid and construction should begin in spring 2003. The Department also received Tideland funding for a boat launch ramp to be constructed in conjunction with Ken Combs Pier. This project includes dredging, construction of a bulk head, and construction

of a parking lot. This project will not go for bid until late 2003, with the parking lot improvements and the launches being bid in 2004.

The Department of Leisure Services employs over 80 individuals and oversees ten divisions which are charged with park maintenance: approximately 540 acres; Athletics: coordination and administration of youth athletic programs; Recreation: coordination administration of after school and summer programs for the youth; Cultural Affairs: administration of special events such as parades, festivals, carnivals, etc. ; Senior Citizen programs: Coordination of programs for our elderly; Cemetery: Maintenance and administration of a City owned cemetery; Building Maintenance: Charged with maintenance and repairs of City owned buildings and public facilities; Horticulture: Management and beautification of City medians and rights of way. The other divisions include Special Populations which program for “persons with disabilities”, and the Gulfport Sportsplex, which includes grounds management and programming for the Sportsplex which includes nine baseball/softball fields and four international soccer fields.

The development and operation of the City’s new Sports Complex continues to be the primary focus. This showcase is approximately 250 acres in size; includes nine lighted and fenced softball/baseball fields complete with a facility control center with restrooms, pavilions, and concessions; and four international size soccer fields. These facilities are designed with state of the art drainage and irrigation systems to insure that play can continue even after a heavy rain.

### **Urban Development**

The City’s Urban Development Department is charged with building and planning code enforcement. This ranges from ensuring that state, local, and federal building codes are strictly adhered to and that the City’s adopted zoning ordinances are followed. This department is also charged with administering a federal block grant which annual funding is approximately \$1 million.

### **Public Works**

The Public Works Division is tasked with providing essential services to the citizens of Gulfport which have a direct impact on their “Quality of Life” each and every day. Major services provided by this division include: drainage system maintenance and improvement, street repair and maintenance, safe traffic flow, and high quality water and environmentally safe wastewater treatment and solid waste disposal. The following table indicates types of work and accomplishments for the Public Works Division:

<i>Description</i>	<i>2001</i>	<i>2002</i>	<i>Percent Change</i>
<i>Ditches cleaned ( miles )</i>	320	317	-1%
<i>Culvert Installed (feet)</i>	7,347	6,425	-13%
<i>Asphalt (tons)</i>	1,585	1,676	+6%
<i>Limestone (yards)</i>	2,729	2,536	-7%
<i>Debris Removal (yards)</i>	47,876	22,102	-54%
<i>Water Leaks Repaired</i>	1,844	1,361	-26%
<i>Water Meters Installed</i>	1,335	522	-61%
<i>Water Meters Replaced</i>	272	63	-77%
<i>Sewer Taps</i>	144	71	-51%

### **Future Economic Outlook**

In the year 2002, it appeared that the economy of the Mississippi Gulf Coast finally began to rebound from the stronghold of the national recession. This rebound was brought about by a strong military economy, new business expansions, and millions and millions of dollars in capital investments by casino resorts, medical

facilities and manufacturing ventures. Up to this point, our business professionals and elected officials have fought an uphill battle to attract new business and industry to the state, a challenging job in most traditionally rural states made that much more difficult by the negative stereotypes with which many outsiders viewed Mississippi. But, the persistence of Mississippi's business leaders, particularly those along the Mississippi Gulf Coast, continued to market the three key assets of the State – a wealth of natural resources, an abundant source of low-cost labor, and a geographic strategic location positioned along the Gulf of Mexico and Mississippi River that offers easy and affordable access to millions of consumers.

It is because of this persistence that the Gulf Coast region has seen industry thrive in our area bringing new opportunities to the residents of Gulfport and the surrounding areas as well as to those visitors who grace our city each year. Unified efforts between city leaders and state economic specialists have helped to continue the upward trends that have brought new business and industry to our city. This effort has made Gulfport one of the most diversified economic and cultural centers in our state. It is evident that with the introduction of gaming to our city and to the Mississippi Gulf Coast area, Gulfport's future could only look brighter. It is gaming, along with a rapid industrial and economic growth rate that has led the City of Gulfport once again to the forefront as one of the state's largest economic centers. Gulfport has an emerging reputation in the composites and polymer science area which led *Future Pipe Industries* to select Gulfport as the site for its first United States manufacturing operation. This operation alone will create more than 300 jobs over a five-year period with an average wage of \$14.00 per hour.

As with any city that has experienced unprecedented growth as Gulfport has, rapid growth can lead to various opportunities that must keep city leaders looking toward the future and vision of Gulfport. Increased population means thousands of additional cars and trucks on the road each day in our city. New tourist attractions bringing tens of thousands of visitors to our area only compounds the transportation issues on the Mississippi Gulf Coast. Aggressive efforts are being made by elected officials in coordination with MDOT to relieve the pressures of Gulfport's major thoroughfares.

There are several major on-going developments that will have a distinct impact on the City of Gulfport's tax base for the future. Some of these projects include the expansion of the Port of Gulfport, the opening of the new Federal Court facility in the downtown area, the replacement of the Copa Casino with a barge-like facility, the new location of Belk's Department Store in Crossroads Mall, continued expansion of the Grand Casino and aggressive marketing of the city's Super Sports Complex located on the northwest corner of the city. Home Depot and Wal-Mart in Gulfport have also offered expansion plans which will provide for the increased tax base in Gulfport. Continuity, leadership and realistic planning will keep these projects on track and will help to pave the future of Gulfport.

### **Federal Court Facility**

When the City of Gulfport was awarded the site location of the multi-million dollar Federal Court Facility in South Mississippi, it was the catalyst needed to insure the growth and resurgence of the downtown area of Gulfport. The new site, located at the corner of 15<sup>th</sup> Street and 20<sup>th</sup> and 21<sup>st</sup> Avenues, will bring to life an area of town that has remained stagnant for the past decade. Construction is well underway which includes the renovation of the old high school building which will serve as a Federal Court Office Complex with the federal courtrooms located in an adjacent building to the west. The new facility will encompass approximately 200,000 gross square feet with an estimated project cost of more than \$50 million. As of today, the project is on schedule and is expected to be completed in August 2003.

In addition to the federal court building, architect renderings are being approved for a new parking garage located directly south of the court building at the old Gulfport School Administration building. This is all part of the \$35 million Multimodal Transportation Plan to improve mass transit, decrease traffic congestion and improve air quality in Gulfport and Harrison county. This parking garage will help to alleviate the continuing parking issues in downtown Gulfport along with providing retail space in the federal court building area. There is no question that this project will provide additional job opportunities as well as downtown redevelopment for the City of Gulfport.

## **Mississippi State Port at Gulfport**

The Mississippi Coast's deep-water ports continued to expand their import/export volume in 2002 through increased facility expansions and international trade. Last year, the port continued its five-year master plan of improvements concluding 2002 with a cargo throughput of 2.13 million tons – 1.21 of import cargo and 921,028 of export cargo. This represents a 5% increase over last year. Part of this increase is due to the increased trade with Cuba. The number one import at the Port of Gulfport continues to be tropical fruit as the port serves as the U.S. Gulf distribution center for Dole Fresh Fruit, Chiquita Brands and the Turbana Corporation. Other imports include mineral ores, lumber and forest products, apparel and steel. The major export leaving the Port of Gulfport was frozen poultry headed for the Baltic regions. Primary trading partners include Honduras, Mexico, Costa Rica, Guatemala, El Salvador, Columbia, Brazil and Cuba.

The new \$15 million dollars pier extension was completed in January 2003 as part of the \$200 million capital improvements slated for the Port of Gulfport. Construction is scheduled to begin on the 60-acre expansion of the West Terminal some time this year. To provide adequate growth over the next 10+ years, the Port's strategic plan is being updated and new feasibility studies being completed by the U.S. Army Corps of Engineers to explore the opportunity of deepening and widening the Gulfport channel. With the arrival of the CONQUEST in March of this year and with hopes for a permanent cruise ship, the Port of Gulfport is looking toward the future to insure that they are ready to accommodate container ships, cruise ships or any new venture heading their way.

## **Medical Developments**

As the residential and corporate markets continue to expand along the Mississippi Gulf Coast, the need for affordable, up-to-date medical services grows day by day. We have seen tremendous growth in this field due to a larger labor force as well as diversified programs offered by the hospitals and medical clinics in the area. However, our medical field has experienced a year of devastating insurance issues that have forced doctors to close their offices and walk away from their positions at the hospitals because of the ever-increasing cost of malpractice insurance. However, hospitals continued to expand in order to reach the needs of the growing Mississippi Gulf Coast market. One of the most significant growths in the medical industry has been at Memorial Hospital at Gulfport. A multi-specialty complex with over 40 specialties, more than 280 physicians and 425 beds, the face of Memorial Hospital at Gulfport seems to change daily. In January 2002, construction was completed on a new 91,000 square foot Medical Office Building for local physicians. The site now houses a new Cancer Center and Food Court that was completed in July 2002. Other additions and renovations will continue through 2003. In the northern part of our city, Columbia Garden Park continues to provide up-to-date medical facilities to residents of the Gulf Coast. This new 211,000 square foot facility offers state-of-the-art "in-patient" and "out-patient" facilities employing over 180 people. The services at Columbia Garden Park continue to expand to meet the needs of the residents of Gulfport and surrounding areas.

## **Retail Developments**

Although the City of Gulfport continues to experience growth throughout the city, the area north of I-10, particularly that in and around the cloverleaf intersection of I-10 and Highway 49, continues to emerge as the primary growth center for the city. In just a few short years, we have seen two major retail mall developments open offering over 5,000 jobs to area residents and providing significant tax revenues to the city. In the Prime Retail Mall, shoppers can chose from an array of outlet shops such as Ralph Lauren, Coach, Gap, Tommy Hilfiger and Bass.

Across the street to the northeast, Crossroads Mall continues to experience tremendous revenues in a number of their stores, setting regional and national sales figures for the year 2002. This mall development currently offers nationally recognized stores such as TJ Maxx, Shoe Carnival, Old Navy, Pets Mart, Academy Sports, Cinemark Theatres, Cracker Barrel Restaurant and Barnes and Noble. The sluggish economy has indeed had an impact on two of the anchor stores – Albertson's Grocery closed its doors in February 2002 and Service Merchandise will close its Gulfport location as part of a nation-wide effort. However, as the economy began to

rebound, Gulfport was notified of the upcoming opening of Belk's Department Store slated to open in March 2003 and Bed, Bath and Beyond which will open later this year.

### **Casino Industry**

Once last on many national economic lists, Mississippi has vaulted to the top of those same lists in less than a decade, much in part due to the success of the gaming industry along the Mississippi Gulf Coast. Although the City of Gulfport plays host to two casinos, the commitment by both organizations to expand and provide additional facilities and services is indicative of the revenues generated by the casinos each month. Grand Casino Gulfport, owned and operated by Park Place Entertainment, continues to expand their line of services to their guests with casino renovations, the addition of an entertainment complex, and other plans set for the horizon.

The newest casino expansion story is that of the Copa Casino. Since the Copa began operating in 1993, they have conducted their operation aboard the floors of a retired cruiseliner. For several years now, they have planned to replace the floating ship with a more expanded barge-like casino. In September 2002, the Copa took control of a new 150,000 square foot barge in the Gulfport harbor. The new Copa features additional gaming space, new restaurants and have plans to develop an adjacent hotel within the next four years or build a new facility on the casino property.

### **Gulfport-Biloxi Regional Airport**

Over the past decade, the Gulfport-Biloxi Regional Airport has experienced unprecedented growth in terms of passengers, facilities and airline opportunities. Six airlines now serve the airport providing air passengers over 50 daily flights. The new flights have transformed the airport into a facility, which offers non-stop jet service to seven major hubs, including Atlanta, Ft. Lauderdale, Dallas, Tampa, Houston, Memphis, Orlando and St. Petersburg. A multi-phase expansion of the terminal completed 2001 now provides a total of eight boarding gates, jet loading bridges and available counter space for new airlines.

Total passengers for the year 2002 reached approximately 800,000. Projected passenger counts for 2003 is 840,000. Casino resort operators have clearly tied passenger growth over the last several years to the increase in luxury hotel rooms and aggressive marketing programs in place. Air passengers can now choose from nearly 17, 000 hotel rooms along the Mississippi Gulf Coast.

### **Waterfront Development**

We are currently entering into Phase II of the Waterfront Masterplan which allows for the identification of the needs and the attempts to secure funding for the projects desired along the waterfront of Gulfport. It should be noted that the Waterfront Masterplan was very specific in noting that the future development of the harbor and waterfront area should be synonymous and coordinated with the on-going Downtown Revitalization Program currently underway. This long-term process will help to mold and shape the future of Gulfport for many years to come.

### **Cruise Industry**

In looking towards the future and opportunities that can grow our revenue base, the city's administration, in coordination with the State Port at Gulfport, Harrison County Development Commission and the Harrison County Tourism Commission, have aggressively lobbied the cruise industry for several years in hopes of landing a cruise ship for our city. After multiple visits with various cruise ship operators, it appeared that the cruise officials had chosen Mobile, Alabama and New Orleans, Louisiana for cruise ship sites. There is a renewed momentum in Gulfport today with the announcement that Carnival Cruise lines would divert their ship, THE CONQUEST, to the Port of Gulfport for 12-18 weeks while the Mississippi River water level drops and telephone cables are buried along the river. This gives our city the opportunity to work directly with the officials at Carnival Cruise Lines and make them aware of what is available here in Gulfport and at the Port of Gulfport. The Cruise Industry Task Force, along with the citizens group supporting this endeavor, will continue its quest to make Gulfport a port-of-call or better yet, a homeport, to our own cruise ship.

## **Financial Information**

### **Accounting System**

The Department of Finance and Administration is responsible for providing the financial services for the City including financial accounting and reporting, payroll and accounts payable disbursement functions, cash and investment management, debt management, budgeting, purchasing, and information systems.

The Department of Finance and Administration is also responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and judgements by management.

All internal control evaluations occur within the above framework. We believe that the City's current internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### **Budgetary Controls**

The City maintains specific budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Mayor and City Council. Activities of the general fund, special revenue funds, debt service fund, capital projects funds, and proprietary funds are included in the annual appropriated budget. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by major expenditure classification and require approval by the governing body; however, equal transfers between line items within a classification may be approved by the Department Director. For management purposes, project length budgets are prepared for the capital projects fund even though all adopted budgets lapse annually in the State of Mississippi.

The City maintains an encumbrance accounting system as one budgetary control technique. Encumbrances reserve appropriations, which have been obligated through purchase orders or contractual documents. Encumbered amounts lapse at year end; however, they are generally reappropriated as part of the following year's budget.

## **General Government Functions**

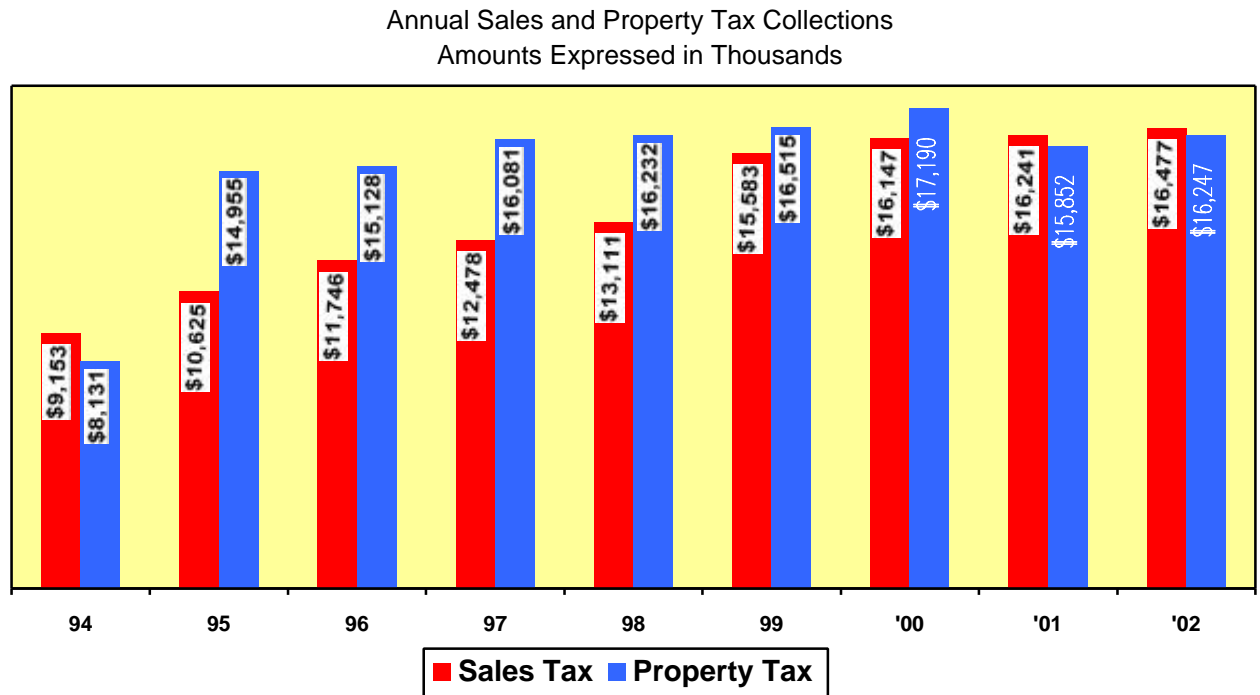
The City's General Fund is used to account for expenditures for traditional services as well as all financial resources other than those required to be accounted for in other funds. General Fund revenues include property tax, intergovernmental revenues, various permit fees, franchise taxes, fines, sales tax, and other sources as indicated on the accompanying graphs and schedules.

### **Revenues**

The largest revenue source for the City is Property Tax revenue. This tax is derived from the City levying a tax on property located within its corporate boundaries. Property tax of \$16.2 million accounted for 31% of General Government revenues in fiscal year 2002.

Another primary source of revenue for Gulfport is sales tax. This tax is derived from the State of Mississippi levying a general sales tax of 7% on most retail sales. Of this amount collected by the state, 18.5% is remitted back to each municipality for the amounts collected within its corporate boundaries. Sales tax of \$16.5 million

accounted for 32% of General Government revenues in fiscal year 2002, which represented a slight increase of \$237,000 or 1.5%.



The below table represents the percentage increases in sales tax and property tax revenues over the past nine years.

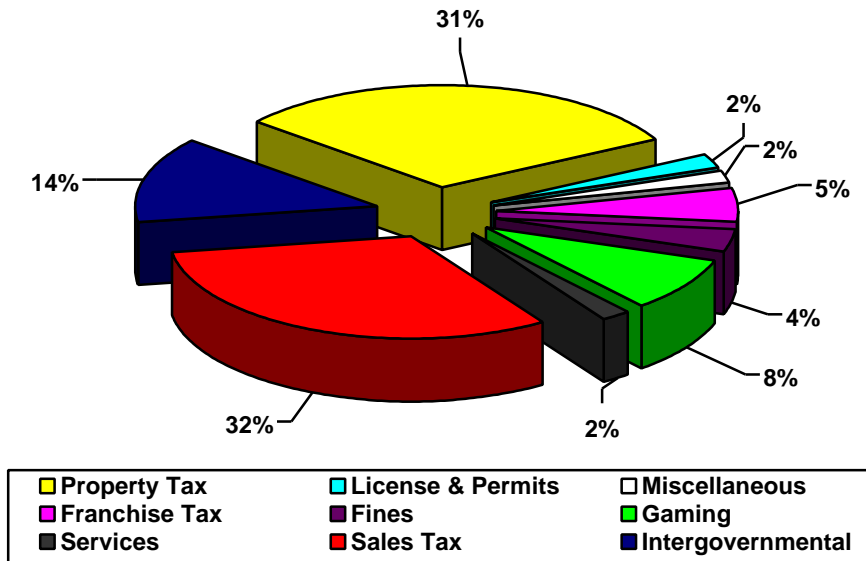
	1994	1995	1996	1997	1998	1999	2000	2001	2002
Sales Tax	67%	16%	11%	7%	5%	19%	4%	.5%	+1%
Property Tax	11%	84%	2%	7%	1%	2%	4%	-8%	+3%

Note:

- 1) Increase in sales tax revenue for 1994 is due to City annexation of Orange Grove on January 1994.
- 2) Increase in property tax revenue for 1995 is due to the 1994 annexation.
- 3) Decrease in property tax revenue for 2001 is due to property tax rate reduction.

The following graphs illustrate the sources of revenues and expenditures in the General Government funds for the fiscal year ended September 30, 2001, and the related percentage to totals for each type:

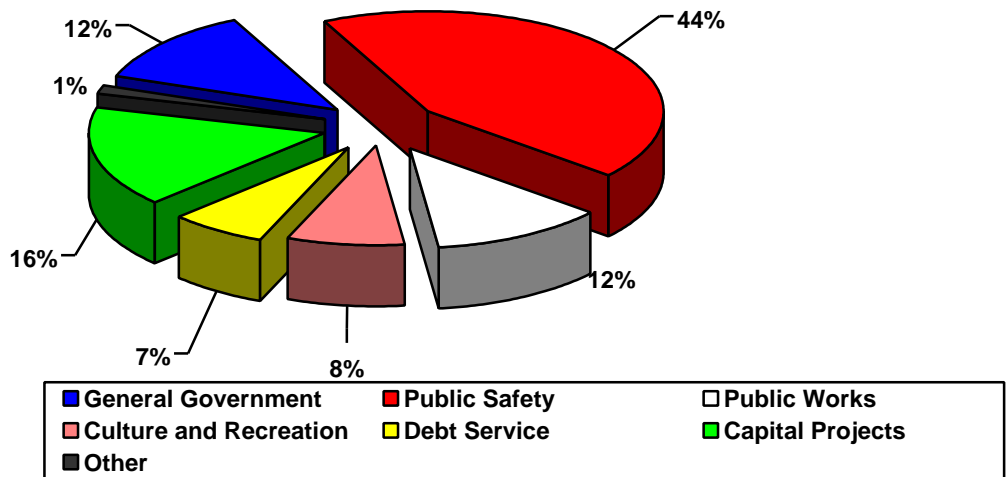
### General Government Revenues



General Government Revenues for 2002 totaled \$54,014,000; a decrease of \$293,000 or 1/2% compared to the prior year.

### General Government Expenditures

The General Government Expenditures for 2002 totaled \$59,201,000; a decrease of \$2,812,000 or 5% over the prior year.



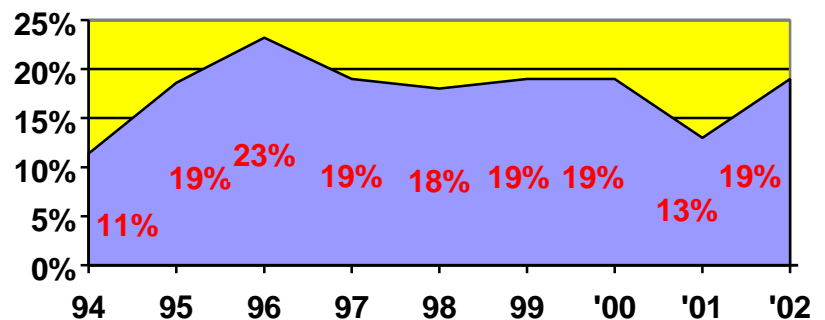
## *Revenue and Expenditure Analysis*

The following schedule presents the General Government revenues and expenditures for the year ended September 30, 2002, and the amount and percent change from 2001: (Amounts expressed in thousands)

Revenues ( in thousands )	2001 Amount	2002 Amount	Dollar Change	Percent Change
Property Tax	15,852	16,247	+395	+3%
Sales Tax	16,241	16,477	+236	+1%
Franchise Tax	2,792	2,771	-21	-1%
Gaming	4,241	4,398	+157	+4%
License and Permits	1,187	1,092	-95	-8%
Intergovernmental	9,354	9,113	-241	-3%
Charges for Service	998	1,021	+23	+2%
Fines	2,251	1,938	-313	-14%
Miscellaneous	1,391	956	-435	-31%
Total Revenue	54,307	54,014	-293	-.5%
<b>Expenditures:</b>				
General Government	6,309	7,251	+942	+15%
Public Safety	27,574	25,666	-1,908	-7%
Public Works	6,517	7,027	+510	+8%
Capital Projects	12,911	9,662	-3,249	-25%
Culture and Recreation	4,647	4,732	+85	+2%
Economic Development	92	86	-6	-7%
Health and Welfare	366	750	+384	+105%
Debt Service	3,597	4,019	+422	+12%
Total Expenditures	62,013	59,201	-2,812	-5%

## *Status of Fund Balance*

The General Fund's undesignated fund balance is presented on the balance sheet indicating that portion which is legally reserved for a specific use and the remaining unreserved portion which is available for appropriation. The fiscal year 2002 ending unreserved fund balance is \$ 8.9 million which is 19 % of the general fund operating budget as the graph at the right indicates.



## Enterprise Funds

Gulfport's enterprise operations consist of the Water and Sewer Fund and the Joseph T. Jones Memorial Park Fund. The Water and Sewer Fund accounts for traditional water and sewer revenues and expenditures to construct and maintain the water and sewer system. The Joseph T. Jones Memorial Park Fund was created to account for operations, maintenance, and leasing of boat slips and other facilities within Jones Park. Financial statements related to both of these enterprise funds are contained in this report.

## Debt Administration

The City maintains the Municipal Debt Service Fund to administer the debt associated with its general obligation bonds. A separate ad valorem tax is levied and collected to provide funds to retire such debt. For 2002, this tax was 7.10 mills compared to 7.52 mills for the prior year. The following table summarizes the change in the City's debt position over fiscal year ending September 30, 2002.

	Payable at 10/01/2001	Additions	Reductions	Payable at 9/30/2001
<b>Tax Supported Debt</b>				
GO Bonds	\$ 26,060,000		\$ 1,410,000	\$ 24,650,000
Notes \ Loans	\$ 3,943,026	\$ 3,700,000	\$ 341,762	\$ 7,301,264
Lease Purchase	\$ 900,000	\$600,000	\$ 320,000	\$ 1,180,000
Subtotal	\$ 30,903,026	\$ 4,300,000	\$ 2,071,762	\$ 33,131,264
<b>Water and Sewer Debt</b>				
Bonds	\$ 44,165,000	\$15,000,000	\$ 900,000	\$ 58,265,000
Notes	\$ 6,069,621		\$ 403,039	\$ 5,666,582
Subtotal	\$ 50,234,621	\$15,000,000	\$ 1,303,039	\$ 63,931,582
Grand total	\$ 81,137,647	\$ 19,300,000	\$ 3,374,801	\$ 97,062,846

Mississippi law limits the amount of general obligation debt a municipality may issue to 15% of total assessed valuation. Gulfport's total assessed valuation is 575,321,000; therefore, the 15% limitation equals: \$86,298,270; less GO Bonds outstanding of \$ 24,650,000; plus \$2,206,114 in funds available for debt service principal payment; leaving a margin for further debt issuance of \$ 63,854,384.

Gulfport's bond rating was upgraded in August 1996 by Moody's bond rating service from "BAA1" to an "A2" rating.

## Cash Management

The City utilizes a cash management policy to analyze cash flow and project immediate cash needs in order to maximize investment earnings. As allowed by state statute, idle funds are invested in US Treasury Bills. Also, all remaining cash is placed in a sweep account that is invested overnight in Treasury notes.

## Risk Management

The City is self insured for liability claims, workers' compensation and group health under plans administered by Stewart Sneed and Hewes Insurance Companies. Employee health insurance is provided for all employees. The City has in place a Safety Committee and Risk Manager that reviews all accidents and workers' compensation claims. Recommendations are then made to the appropriate department head concerning any additional preventive measures.

### **Independent Auditors**

The City of Gulfport is required by Section 21-35-31 of the Mississippi Code of 1972 to have an annual audit by independent certified public accountants. In compliance with these requirements, the City selected the firm of Wright, Ward, Hatten & Guel, CPA's to perform the audit for fiscal year ended September 30, 2002. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' rendered an unqualified opinion.

The City of Gulfport is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget's Circular A-128, Audits of States and Local Governments. Information related to the single audit, including internal control and compliance reports and an opinion on federal financial assistance is included in a separately issued single audit report.

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA), awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Gulfport, Mississippi, for its comprehensive annual financial report for the year ended September 30, 2001. This was the sixth year that the City of Gulfport has received this prestigious award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both the generally accepted accounting principles and applicable legal requirements. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another year.

### **Acknowledgements**

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Department of Finance and Administration. I also wish to express my appreciation for the cooperation of the other City departments in providing information for this report.

I acknowledge the thorough and professional manner in which the audit was conducted by our independent auditors Wright, Ward, Hatten and Guel, CPA's.

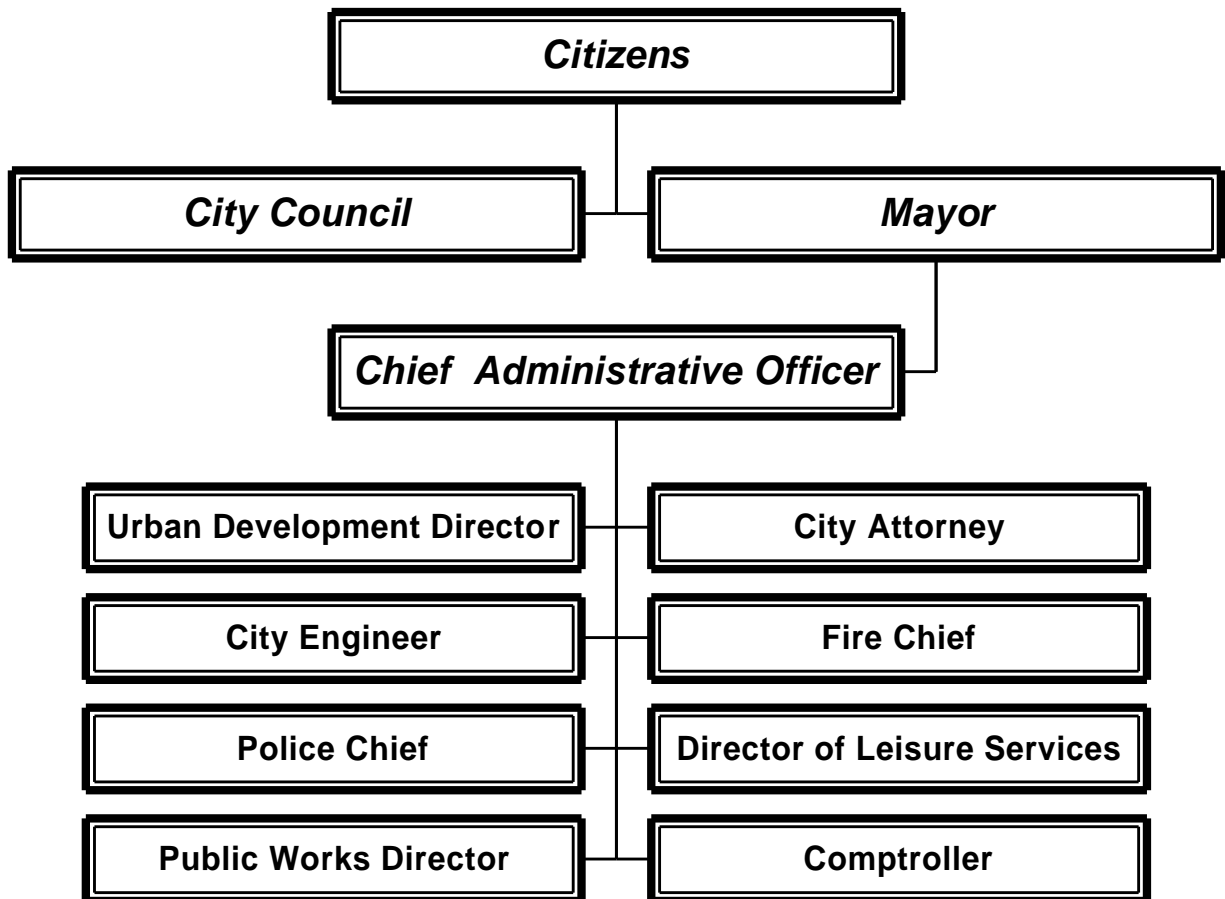
Finally, I acknowledge the Mayor and City Council who have consistently supported the City's goal of excellence in all aspects of financial management. Their continuing interest and support are greatly appreciated.

Respectfully submitted,

Jerry W. Smith  
Chief Administrative Officer

Mike Necaise  
Comptroller

# CITY OF GULFPORT ORGANIZATIONAL CHART



# **CITY OF GULFPORT, MISSISSIPPI**

Listing of City Officials  
As of September 30, 2002

## **Elected Officials**



**Ken Combs**  
**Mayor**



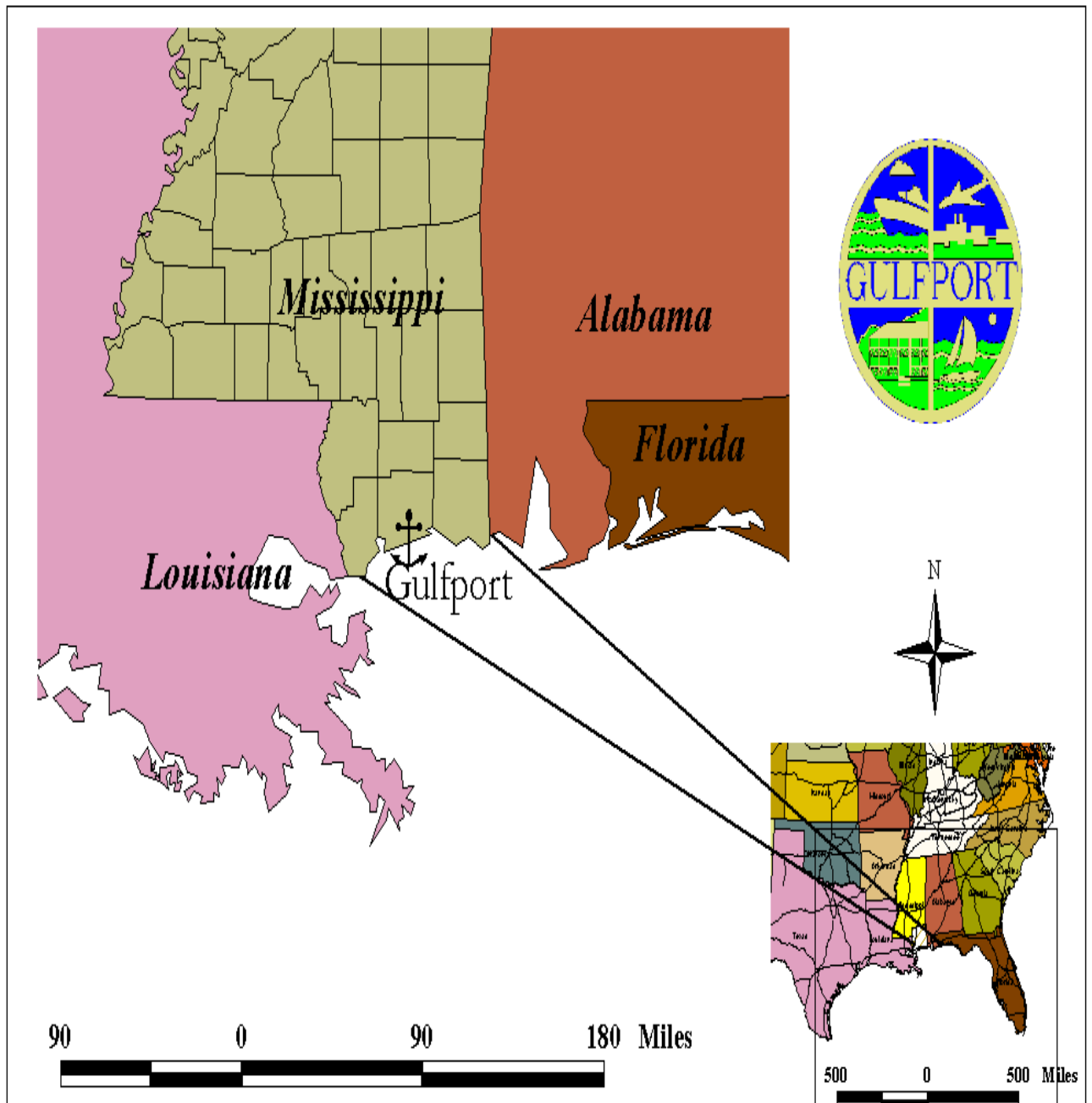
**Council Members: (Left to Right)**  
**Jimmy Jenkins, Richard Rose, Ella Holmes-Hines, Kim Savant,**  
**Ricky Dombrowski, Chuck Teston, Billy Hewes**

## **Appointed Officials**

Chief Administrative Officer  
City Attorney  
Police Chief  
Fire Chief  
Leisure Services Director  
Public Works Director  
Urban Development Director  
City Engineer

Jerry Smith  
Harry P. Hewes  
Wayne Payne  
Pat Sullivan  
George Decoux  
Kris Rieman  
Sandy Baylor  
Bill Powell

# Geographic Location of Gulfport, Mississippi



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Gulfport,  
Mississippi

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*William Patrick Harte*  
President

*Jeffrey L. Essler*  
Executive Director

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# FINANCIAL SECTION

The financial section contains the financial statements of the City of Gulfport, Mississippi's various funds and accounting groups prepared in conformity with generally accepted accounting principles (GAAP). The financial section is organized into a financial reporting pyramid. The pyramid is an organizational plan for presenting basic financial statements in governmental financial reports in an optimally efficient manner. Under the pyramid approach, financial statements of the City are presented on three distinct reporting levels:

1. Combined Financial Statements.
2. Combining Statements of Fund Type.
3. Supplemental Data containing physically separate fund statement information, more detailed financial data and legal compliance information.



# WRIGHT, WARD, HATTEN & GUEL

(SUCCESSORS TO A. L. EVANS & COMPANY ESTABLISHED 1929)

*Certified Public Accountants*

OLD HANCOCK BANK BUILDING

2500 - 14TH STREET

P. O. BOX 129

GULFPORT, MISSISSIPPI 39502

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PAUL L. WRIGHT JR., CPA 1955-1993  
HENRY D. WARD, CPA, CONSULTANT  
KENNETH M. HATTEN, CPA, CONSULTANT  
MICHAEL E. GUEL, CPA, CFP

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## INDEPENDENT AUDITORS' REPORT

February 21, 2003

The Members of City Council  
and the Honorable Ken Combs, Mayor  
Gulfport, Mississippi

We have audited the accompanying general purpose financial statements and the combining and individual fund and account group financial statements of the City of Gulfport, Mississippi, as of and for the year ended September 30, 2002, as listed in the table of contents. These financial statements are the responsibility of the City of Gulfport, Mississippi's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Gulfport, Mississippi, as of September 30, 2002, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the combining and individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the City of Gulfport, Mississippi, as of September 30, 2002, and the results of operations of such funds and cash flows of individual proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Members of City Council  
and the Honorable Ken Combs, Mayor  
City of Gulfport, Mississippi  
February 21, 2003

In accordance with *Government Auditing Standards*, our report dated February 21, 2003, on our consideration of the City of Gulfport, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants will be issued under separate cover in our *Single Audit Report* in June, 2003. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

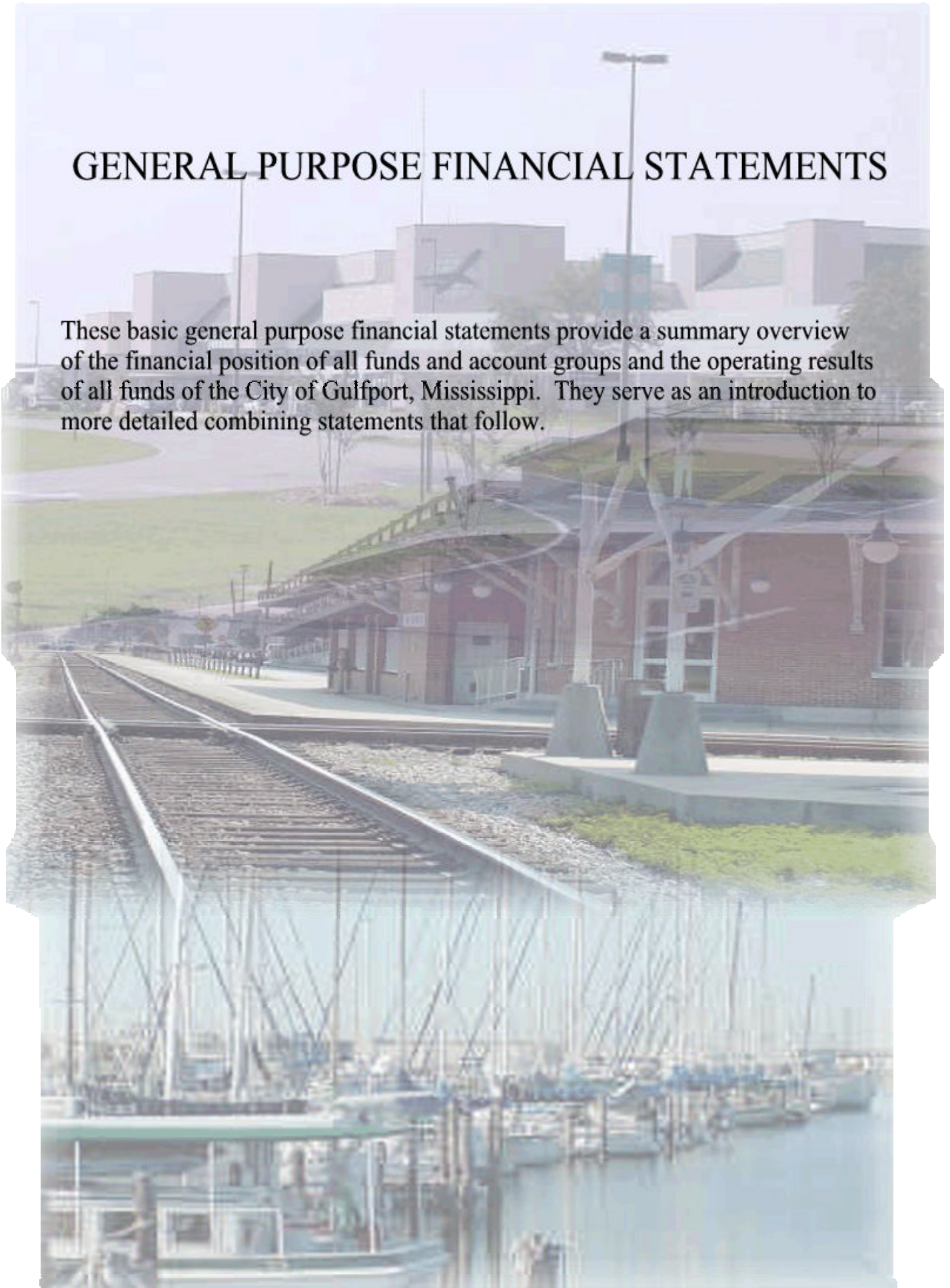
Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining and individual fund and account group financial statements. The accompanying financial information listed as other supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the City of Gulfport, Mississippi. Such information has been subjected to the auditing procedures applied in the audit of the general purpose, combining, and individual fund and account group financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

A handwritten signature in black ink that reads "Wright Ward Hatten & Guel". The signature is written in a cursive, flowing style.

WRIGHT, WARD, HATTEN AND GUEL  
Certified Public Accountants  
Gulfport, Mississippi

# GENERAL PURPOSE FINANCIAL STATEMENTS

These basic general purpose financial statements provide a summary overview of the financial position of all funds and account groups and the operating results of all funds of the City of Gulfport, Mississippi. They serve as an introduction to more detailed combining statements that follow.





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**CITY OF GULFPORT, MISSISSIPPI**  
**COMBINED BALANCE SHEET - ALL FUND TYPES**  
**AND ACCOUNT GROUPS**  
**SEPTEMBER 30, 2002**  
(With Comparative Totals for September 30, 2001)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS AND OTHER DEBITS</b>				
<b>ASSETS</b>				
Pooled cash and cash equivalents	\$ 9,011,808	\$ 760,042	\$ 2,131,943	\$ 6,379,000
Non-pooled cash and cash equivalents	188,626	74,914	-	-
Cash with fiscal agent	-	-	76,212	-
Investments	-	-	-	-
Receivables (net, where applicable, of allowance for doubtful accounts):				
Taxes	2,537,612	-	-	-
Customer accounts	-	-	-	-
Grantee loans	-	2,424,836	-	-
Privilege licenses	145,736	-	-	-
Interest	-	-	-	-
Other	291,695	-	-	-
Due from other funds	234,069	-	-	-
Due from other governments	1,055,986	1,800,485	-	961,353
Prepaid insurance	-	-	-	-
Assets held for disposal	-	-	-	-
Restricted assets:				
Pooled cash and cash equivalents	-	-	-	-
Fixed assets (net, where applicable, of accumulated depreciation)	-	-	-	-
Deferred charges	-	98,458	-	-
<b>OTHER DEBITS</b>				
Amount available in debt service fund	-	-	-	-
Amount to be provided for retirement of general long-term obligations	-	-	-	-
Total assets and other debits	<u>\$ 13,465,532</u>	<u>\$ 5,158,735</u>	<u>\$ 2,208,155</u>	<u>\$ 7,340,353</u>
<b>LIABILITIES, FUND EQUITY, AND OTHER CREDITS</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 571,780	\$ 53,150	\$ -	\$ 337,188
Accrued liabilities	871,121	-	-	-
Compensated absences payable	-	-	-	-
Due to other funds	-	93,754	2,041	-
Due to other governments	70,124	-	-	-
Claims and judgments payable	-	-	-	-
Retainage payable	-	-	-	286,017
Deferred revenues	99,909	4,257,271	-	1,113,959
Performance bonds payable	-	-	-	-
Other liabilities	221,438	45,973	-	-
Payable from restricted assets:				
Meter deposits	-	-	-	-
Liability for self-insurance claims	-	-	-	-
Revenue bonds payable	-	-	-	-
General obligation bonds payable	-	-	-	-
Notes payable	-	-	-	-
Capital leases payable	-	-	-	-
School District bonds payable	-	-	-	-
Total liabilities	<u>1,834,372</u>	<u>4,450,148</u>	<u>2,041</u>	<u>1,737,164</u>

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	2002	2001
\$ 16,942,120	\$ 1,561,372	\$ -	\$ -	\$ -	\$ 36,786,285	\$ 23,334,706
500	-	123,910	-	-	387,950	342,061
-	-	-	-	-	76,212	75,763
435,935	1,027,890	-	-	-	1,463,825	1,030,318
-	-	-	-	-	2,537,612	2,420,287
3,702,579	-	-	-	-	3,702,579	3,217,772
-	-	-	-	-	2,424,836	2,501,183
-	-	-	-	-	145,736	167,893
-	-	-	-	-	-	5,236
-	-	-	-	-	291,695	545,945
-	-	-	-	-	234,069	1,630,721
90,209	-	-	-	-	3,908,033	7,472,551
-	556,629	-	-	-	556,629	417,931
-	-	35,590	-	-	35,590	35,590
456,752	-	-	-	-	456,752	350,316
59,187,702	-	-	56,179,003	-	115,366,705	109,741,674
2,474,051	-	-	-	-	2,572,509	2,423,632
-	-	-	-	2,206,114	2,206,114	1,665,707
-	-	-	-	34,075,204	34,075,204	32,843,212
<u>\$ 83,289,848</u>	<u>\$ 3,145,891</u>	<u>\$ 159,500</u>	<u>\$ 56,179,003</u>	<u>\$ 36,281,318</u>	<u>\$ 207,228,335</u>	<u>\$ 190,222,498</u>
\$ 782,006	\$ 349	\$ -	\$ -	\$ -	\$ 1,744,473	\$ 2,260,288
849,629	-	-	-	-	1,720,750	1,459,066
14,283	-	-	-	1,895,054	1,909,337	2,036,553
38,274	100,000	-	-	-	234,069	1,630,721
-	-	159,500	-	-	229,624	252,871
-	-	-	-	45,000	45,000	47,000
4,000	-	-	-	-	290,017	547,567
-	-	-	-	-	5,471,139	7,688,053
-	-	-	-	-	-	8,822
26,442	-	-	-	-	293,853	83,556
455,000	-	-	-	-	455,000	353,883
-	2,139,313	-	-	-	2,139,313	1,772,745
33,100,000	-	-	-	-	33,100,000	33,300,000
25,165,000	-	-	-	24,650,000	49,815,000	36,925,000
5,666,582	-	-	-	7,301,264	12,967,846	10,012,647
-	-	-	-	1,180,000	1,180,000	900,000
-	-	-	-	1,210,000	1,210,000	1,540,000
<u>66,101,216</u>	<u>2,239,662</u>	<u>159,500</u>	<u>-</u>	<u>36,281,318</u>	<u>112,805,421</u>	<u>100,818,772</u>

**CITY OF GULFPORT, MISSISSIPPI**  
**COMBINED BALANCE SHEET - ALL FUND TYPES**  
**AND ACCOUNT GROUPS**  
**SEPTEMBER 30, 2002**  
(With Comparative Totals for September 30, 2001)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>FUND EQUITY AND OTHER CREDITS</b>				
Contributed capital	\$ -	\$ -	\$ -	\$ -
Investment in general fixed assets	-	-	-	-
Retained earnings:				
Reserved for revenue bond indentures	-	-	-	-
Unreserved	-	-	-	-
Fund balances:				
Reserved for encumbrances	895,931	59,670	-	83,027
Restricted funds - donor imposed	100,000	-	-	-
Reserved for contract commitments	-	-	-	-
Reserved for debt service	-	-	2,206,114	-
Unreserved:				
Designated for subsequent year expenditures	1,768,827	648,917	-	5,520,162
Undesignated	8,866,402	-	-	-
	<u>11,631,160</u>	<u>708,587</u>	<u>2,206,114</u>	<u>5,603,189</u>
Total fund equity and other credits				
	<u>\$ 13,465,532</u>	<u>\$ 5,158,735</u>	<u>\$ 2,208,155</u>	<u>\$ 7,340,353</u>

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	2002	2001
\$ 10,913,082	\$ -	\$ -	\$ -	\$ -	\$ 10,913,082	\$ 11,314,360
-	-	-	56,179,003	-	56,179,003	49,845,807
4,000	-	-	-	-	4,000	2,000
6,271,550	906,229	-	-	-	7,177,779	7,282,756
-	-	-	-	-	1,038,628	1,489,434
-	-	-	-	-	100,000	100,000
-	-	-	-	-	-	882,659
-	-	-	-	-	2,206,114	1,665,707
-	-	-	-	-	7,937,906	10,309,527
-	-	-	-	-	8,866,402	6,511,476
17,188,632	906,229	-	56,179,003	-	94,422,914	89,403,726
<u>\$ 83,289,848</u>	<u>\$ 3,145,891</u>	<u>\$ 159,500</u>	<u>\$ 56,179,003</u>	<u>\$ 36,281,318</u>	<u>\$ 207,228,335</u>	<u>\$ 190,222,498</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**  
(With Comparative Totals for the Year Ended September 30, 2001)

	Governmental Fund Types				Totals	
	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only)	
					2002	2001
<b>REVENUES</b>						
Taxes:						
Property	\$ 10,860,923	\$ 1,537,639	\$ 3,848,876	\$ -	\$ 16,247,438	\$ 15,852,094
Sales	16,477,168	-	-	-	16,477,168	16,240,569
Franchise	2,771,117	-	-	-	2,771,117	2,792,375
Gaming	4,398,189	-	-	-	4,398,189	4,240,693
Licenses and permits	1,092,235	-	-	-	1,092,235	1,186,681
Intergovernmental	3,672,874	3,769,339	581,577	1,088,970	9,112,760	9,354,195
Charges for services	1,021,234	-	-	-	1,021,234	998,439
Fines and forfeits	1,937,707	-	-	-	1,937,707	2,251,205
Interest	183,222	2,177	41,560	101,455	328,414	848,932
Sale of cemetery lots	27,700	-	-	-	27,700	17,100
Miscellaneous	260,192	205,738	-	133,627	599,557	524,937
Total revenues	<u>42,702,561</u>	<u>5,514,893</u>	<u>4,472,013</u>	<u>1,324,052</u>	<u>54,013,519</u>	<u>54,307,220</u>
<b>EXPENDITURES</b>						
Current:						
General government	6,954,607	296,452	-	-	7,251,059	6,308,705
Public safety	24,563,284	1,102,884	-	-	25,666,168	27,574,318
Public works	7,027,410	-	-	-	7,027,410	6,517,174
Economic Development	85,540	-	-	-	85,540	92,094
Health and welfare	-	749,581	-	-	749,581	365,782
Culture and recreation	4,177,100	555,025	-	-	4,732,125	4,646,752
Capital outlay	-	3,717,246	-	5,945,145	9,662,391	12,910,662
Debt service:						
Principal retirement	-	-	2,401,762	-	2,401,762	1,975,533
Interest	-	-	1,617,674	-	1,617,674	1,617,360
Other	-	-	7,190	-	7,190	5,460
Total expenditures	<u>42,807,941</u>	<u>6,421,188</u>	<u>4,026,626</u>	<u>5,945,145</u>	<u>59,200,900</u>	<u>62,013,840</u>
Excess (deficit) of revenues over expenditures	<u>(105,380)</u>	<u>(906,295)</u>	<u>445,387</u>	<u>(4,621,093)</u>	<u>(5,187,381)</u>	<u>(7,706,620)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	12,401	417,631	95,020	1,675,007	2,200,059	1,841,560
Transfers out	(1,607,138)	-	-	(592,921)	(2,200,059)	(3,161,560)
Loan proceeds	-	724,425	-	3,575,575	4,300,000	2,700,000
Bond proceeds	-	-	-	-	-	-
Sale of general fixed assets	61,708	-	-	15,920	77,628	-
Total other financing sources (uses)	<u>(1,533,029)</u>	<u>1,142,056</u>	<u>95,020</u>	<u>4,673,581</u>	<u>4,377,628</u>	<u>1,380,000</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<u>(1,638,409)</u>	<u>235,761</u>	<u>540,407</u>	<u>52,488</u>	<u>(809,753)</u>	<u>(6,326,620)</u>
Fund balances - October 1	<u>13,269,569</u>	<u>472,826</u>	<u>1,665,707</u>	<u>5,550,701</u>	<u>20,958,803</u>	<u>27,285,423</u>
Fund balances - September 30	<u>\$ 11,631,160</u>	<u>\$ 708,587</u>	<u>\$ 2,206,114</u>	<u>\$ 5,603,189</u>	<u>\$ 20,149,050</u>	<u>\$ 20,958,803</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES</b>						
Taxes	\$ 34,633,348	\$ 34,507,397	\$ (125,951)	\$ 1,462,688	\$ 1,537,639	\$ 74,951
Licenses and permits	1,323,000	1,092,235	(230,765)	-	-	-
Intergovernmental	3,732,329	3,672,874	(59,455)	5,942,662	3,769,339	(2,173,323)
Charges for services	1,064,237	1,021,234	(43,003)	-	-	-
Fines and forfeits	2,400,000	1,937,707	(462,293)	-	-	-
Interest	401,291	183,222	(218,069)	-	2,177	2,177
Sale of cemetery lots	18,000	27,700	9,700	-	-	-
Miscellaneous	95,540	260,192	164,652	-	205,738	205,738
Total revenues	<u>43,667,745</u>	<u>42,702,561</u>	<u>(965,184)</u>	<u>7,405,350</u>	<u>5,514,893</u>	<u>(1,890,457)</u>
<b>EXPENDITURES</b>						
General government	7,841,082	6,954,607	886,475	672,595	296,452	376,143
Public safety	26,230,361	24,563,284	1,667,077	1,145,147	1,102,884	42,263
Public works	7,571,869	7,027,410	544,459	-	-	-
Economic development	1,432,746	85,540	1,347,206	-	-	-
Health and welfare	-	-	-	2,668,710	749,581	1,919,129
Culture and recreation	4,489,293	4,177,100	312,193	600,954	555,025	45,929
Capital outlay	-	-	-	10,185,127	3,717,246	6,467,881
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total expenditures	<u>47,565,351</u>	<u>42,807,941</u>	<u>4,757,410</u>	<u>15,272,533</u>	<u>6,421,188</u>	<u>8,851,345</u>
Excess (deficit) of revenues over expenditures	<u>(3,897,606)</u>	<u>(105,380)</u>	<u>3,792,226</u>	<u>(7,867,183)</u>	<u>(906,295)</u>	<u>6,960,888</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	12,401	12,401	-	-	-	-
Transfers out	(1,847,138)	(1,607,138)	240,000	240,000	417,631	177,631
Loan proceeds	-	-	-	-	724,425	724,425
Sale of general fixed assets	-	61,708	61,708	-	-	-
Total other financing sources (uses)	<u>(1,834,737)</u>	<u>(1,533,029)</u>	<u>301,708</u>	<u>240,000</u>	<u>1,142,056</u>	<u>902,056</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<u>(5,732,343)</u>	<u>(1,638,409)</u>	<u>4,093,934</u>	<u>(7,627,183)</u>	<u>235,761</u>	<u>7,862,944</u>
Fund balances - October 1	<u>13,269,569</u>	<u>13,269,569</u>	<u>-</u>	<u>472,826</u>	<u>472,826</u>	<u>-</u>
Fund balances - September 30	<u>\$ 7,537,226</u>	<u>\$ 11,631,160</u>	<u>\$ 4,093,934</u>	<u>\$ (7,154,357)</u>	<u>\$ 708,587</u>	<u>\$ 7,862,944</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**ALL GOVERNMENTAL FUND TYPES (Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**

	Debt Service Funds			Capital Projects Funds		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES</b>						
Taxes	\$ 3,762,766	\$ 3,848,876	\$ 86,110	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	121,035	581,577	460,542	-	1,088,970	1,088,970
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interest	-	41,560	41,560	-	101,455	101,455
Sale of cemetery lots	-	-	-	-	-	-
Miscellaneous	-	-	-	-	133,627	133,627
Total revenues	<u>3,883,801</u>	<u>4,472,013</u>	<u>588,212</u>	<u>-</u>	<u>1,324,052</u>	<u>1,324,052</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Health & welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	14,500,689	5,945,145	8,555,544
Debt Service:						
Principal	2,032,215	2,401,762	(369,547)	-	-	-
Interest	1,820,150	1,617,674	202,476	-	-	-
Other	16,000	7,190	8,810	-	-	-
Total expenditures	<u>3,868,365</u>	<u>4,026,626</u>	<u>(158,261)</u>	<u>14,500,689</u>	<u>5,945,145</u>	<u>8,555,544</u>
Excess (deficit) of revenues over expenditures	<u>15,436</u>	<u>445,387</u>	<u>429,951</u>	<u>(14,500,689)</u>	<u>(4,621,093)</u>	<u>9,879,596</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	95,020	95,020	-	-	1,675,007	1,675,007
Transfers out	-	-	-	(592,921)	(592,921)	-
Loan proceeds	-	-	-	-	3,575,575	3,575,575
Sale of general fixed assets	-	-	-	-	15,920	15,920
Total other financing sources (uses)	<u>95,020</u>	<u>95,020</u>	<u>-</u>	<u>(592,921)</u>	<u>4,673,581</u>	<u>5,266,502</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<u>110,456</u>	<u>540,407</u>	<u>429,951</u>	<u>(15,093,610)</u>	<u>52,488</u>	<u>15,146,098</u>
Fund balances - October 1	<u>1,665,707</u>	<u>1,665,707</u>	<u>-</u>	<u>5,550,701</u>	<u>5,550,701</u>	<u>-</u>
Fund balances - September 30	<u>\$ 1,776,163</u>	<u>\$ 2,206,114</u>	<u>\$ 429,951</u>	<u>\$ (9,542,909)</u>	<u>\$ 5,603,189</u>	<u>\$ 15,146,098</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN RETAINED EARNINGS -**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**  
(With Comparative Totals for the Year Ended September 30, 2001)

			Totals (Memorandum Only)	
	Enterprise	Internal Service	2002	2001
<b>OPERATING REVENUES</b>				
Charges for services	\$ 18,891,829	\$ -	\$ 18,891,829	\$ 16,276,032
Miscellaneous	390	-	390	428
Employee contributions	-	435,481	435,481	437,165
Retiree contributions	-	54,095	54,095	65,005
Employer contributions	-	4,783,823	4,783,823	4,312,002
Insurance claims reimbursements	-	69,954	69,954	181,510
Total operating revenues	<u>18,892,219</u>	<u>5,343,353</u>	<u>24,235,572</u>	<u>21,272,142</u>
<b>OPERATING EXPENSES</b>				
Personal services	289,402	-	289,402	317,306
Contractual services	3,262,346	9,250	3,271,596	2,798,841
Materials and supplies	1,101,452	-	1,101,452	1,003,053
Other services and charges	10,141,812	223,867	10,365,679	9,799,686
Depreciation	2,743,335	-	2,743,335	2,544,797
Amortization	101,787	-	101,787	134,017
Bad debts expense	840,019	-	840,019	727,601
Death benefit payments	-	2,000	2,000	7,000
Premium payments	-	1,041,787	1,041,787	897,049
Claims paid	-	3,253,509	3,253,509	3,700,138
Increase (decrease) in provision for self-insurance losses	-	366,568	366,568	620,713
Total operating expenses	<u>18,480,153</u>	<u>4,896,981</u>	<u>23,377,134</u>	<u>22,550,201</u>
Operating income (loss)	<u>412,066</u>	<u>446,372</u>	<u>858,438</u>	<u>(1,278,059)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest income	205,817	55,796	261,613	209,208
Interest expense	(3,054,910)	-	(3,054,910)	(2,709,148)
Capital assets provided by developers	1,430,604	-	1,430,604	-
Total nonoperating revenues (expenses)	<u>(1,418,489)</u>	<u>55,796</u>	<u>(1,362,693)</u>	<u>(2,499,940)</u>
Net income (loss) before operating transfers	<u>(1,006,423)</u>	<u>502,168</u>	<u>(504,255)</u>	<u>(3,777,999)</u>
<b>OPERATING TRANSFERS</b>				
Transfers in	-	-	-	1,320,000
Transfers out	-	-	-	-
Total operating transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,320,000</u>
Net income (loss)	<u>(1,006,423)</u>	<u>502,168</u>	<u>(504,255)</u>	<u>(2,457,999)</u>
Add depreciation on assets acquired with contributed capital	<u>401,278</u>	<u>-</u>	<u>401,278</u>	<u>324,356</u>
Increase (decrease) in retained earnings	<u>(605,145)</u>	<u>502,168</u>	<u>(102,977)</u>	<u>(2,133,643)</u>
Retained earnings - October 1	<u>6,880,695</u>	<u>404,061</u>	<u>7,284,756</u>	<u>9,418,399</u>
Retained earnings - September 30	<u>\$ 6,275,550</u>	<u>\$ 906,229</u>	<u>\$ 7,181,779</u>	<u>\$ 7,284,756</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**COMBINED STATEMENT OF CASH FLOWS -**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**  
(With Comparative Totals for the Year Ended September 30, 2001)

	Enterprise	Internal Service	Totals (Memorandum Only)	
			2002	2001
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 17,567,003	\$ -	\$ 17,567,003	\$ 15,338,909
Cash received from employees and others	-	643,270	643,270	502,170
Cash received from insurance companies	-	69,954	69,954	207,462
Other operating receipts	390	-	390	235,174
Cash paid to suppliers and claimants	(13,996,173)	(4,568,762)	(18,564,935)	(18,542,266)
Cash paid to employees	(293,517)	-	(293,517)	(189,589)
Cash received from employer - City funds	-	4,783,908	4,783,908	4,312,002
Cash received from customer meter deposits, net	101,117	-	101,117	58,107
Net cash provided by (used in) operating activities	3,378,820	928,370	4,307,190	1,921,969
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	-	-	1,320,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(609,823)	-	(609,823)	(119,604)
Disposition of capital assets	5,257	-	5,257	-
Proceeds from debt issuance	15,000,000	-	15,000,000	-
Bond issue costs	(522,759)	-	(522,759)	-
Principal paid on revenue bond maturities and notes payable	(1,303,039)	-	(1,303,039)	(1,044,212)
Interest paid on bonds and notes payable	(2,896,624)	-	(2,896,624)	(2,723,136)
Proceeds from sale of assets	-	-	-	-
Net cash used in capital and related financing activities	9,673,012	-	9,673,012	(3,886,952)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sale of investments	-	911,247	911,247	991,169
Purchase of investments	(435,935)	(911,247)	(1,347,182)	(1,023,590)
Interest received on investments	205,817	58,224	264,041	263,842
Net cash provided by investing activities	(230,118)	58,224	(171,894)	231,421
Net increase (decrease) in cash and cash equivalents	12,821,714	986,594	13,808,308	(413,562)
Cash and cash equivalents - October 1	4,577,658	574,778	5,152,436	5,565,998
Cash and cash equivalents - September 30	<u>\$ 17,399,372</u>	<u>\$ 1,561,372</u>	<u>\$ 18,960,744</u>	<u>\$ 5,152,436</u>

**CITY OF GULFPORT, MISSISSIPPI**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN RETAINED EARNINGS -**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**  
(With Comparative Totals for the Year Ended September 30, 2001)

			Totals (Memorandum Only)	
	Enterprise	Internal Service	2002	2001
<b>OPERATING REVENUES</b>				
Charges for services	\$ 18,891,829	\$ -	\$ 18,891,829	\$ 16,276,032
Miscellaneous	390	-	390	428
Employee contributions	-	435,481	435,481	437,165
Retiree contributions	-	54,095	54,095	65,005
Employer contributions	-	4,783,823	4,783,823	4,312,002
Insurance claims reimbursements	-	69,954	69,954	181,510
Total operating revenues	<u>18,892,219</u>	<u>5,343,353</u>	<u>24,235,572</u>	<u>21,272,142</u>
<b>OPERATING EXPENSES</b>				
Personal services	289,402	-	289,402	317,306
Contractual services	3,262,346	9,250	3,271,596	2,798,841
Materials and supplies	1,101,452	-	1,101,452	1,003,053
Other services and charges	10,141,812	223,867	10,365,679	9,799,686
Depreciation	2,743,335	-	2,743,335	2,544,797
Amortization	101,787	-	101,787	134,017
Bad debts expense	840,019	-	840,019	727,601
Death benefit payments	-	2,000	2,000	7,000
Premium payments	-	1,041,787	1,041,787	897,049
Claims paid	-	3,253,509	3,253,509	3,700,138
Increase (decrease) in provision for self-insurance losses	-	366,568	366,568	620,713
Total operating expenses	<u>18,480,153</u>	<u>4,896,981</u>	<u>23,377,134</u>	<u>22,550,201</u>
Operating income (loss)	<u>412,066</u>	<u>446,372</u>	<u>858,438</u>	<u>(1,278,059)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest income	205,817	55,796	261,613	209,208
Interest expense	(3,054,910)	-	(3,054,910)	(2,709,148)
Capital assets provided by developers	1,430,604	-	1,430,604	-
Total nonoperating revenues (expenses)	<u>(1,418,489)</u>	<u>55,796</u>	<u>(1,362,693)</u>	<u>(2,499,940)</u>
Net income (loss) before operating transfers	<u>(1,006,423)</u>	<u>502,168</u>	<u>(504,255)</u>	<u>(3,777,999)</u>
<b>OPERATING TRANSFERS</b>				
Transfers in	-	-	-	1,320,000
Transfers out	-	-	-	-
Total operating transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,320,000</u>
Net income (loss)	<u>(1,006,423)</u>	<u>502,168</u>	<u>(504,255)</u>	<u>(2,457,999)</u>
Add depreciation on assets acquired with contributed capital	<u>401,278</u>	<u>-</u>	<u>401,278</u>	<u>324,356</u>
Increase (decrease) in retained earnings	<u>(605,145)</u>	<u>502,168</u>	<u>(102,977)</u>	<u>(2,133,643)</u>
Retained earnings - October 1	<u>6,880,695</u>	<u>404,061</u>	<u>7,284,756</u>	<u>9,418,399</u>
Retained earnings - September 30	<u>\$ 6,275,550</u>	<u>\$ 906,229</u>	<u>\$ 7,181,779</u>	<u>\$ 7,284,756</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**COMBINED STATEMENT OF CASH FLOWS -**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**  
(With Comparative Totals for the Year Ended September 30, 2001)

	Enterprise	Internal Service	Totals (Memorandum Only)	
			2002	2001
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 17,567,003	\$ -	\$ 17,567,003	\$ 15,338,909
Cash received from employees and others	-	643,270	643,270	502,170
Cash received from insurance companies	-	69,954	69,954	207,462
Other operating receipts	390	-	390	235,174
Cash paid to suppliers and claimants	(13,996,173)	(4,568,762)	(18,564,935)	(18,542,266)
Cash paid to employees	(293,517)	-	(293,517)	(189,589)
Cash received from employer - City funds	-	4,783,908	4,783,908	4,312,002
Cash received from customer meter deposits, net	101,117	-	101,117	58,107
Net cash provided by (used in) operating activities	3,378,820	928,370	4,307,190	1,921,969
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	-	-	1,320,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(609,823)	-	(609,823)	(119,604)
Disposition of capital assets	5,257	-	5,257	-
Proceeds from debt issuance	15,000,000	-	15,000,000	-
Bond issue costs	(522,759)	-	(522,759)	-
Principal paid on revenue bond maturities and notes payable	(1,303,039)	-	(1,303,039)	(1,044,212)
Interest paid on bonds and notes payable	(2,896,624)	-	(2,896,624)	(2,723,136)
Proceeds from sale of assets	-	-	-	-
Net cash used in capital and related financing activities	9,673,012	-	9,673,012	(3,886,952)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sale of investments	-	911,247	911,247	991,169
Purchase of investments	(435,935)	(911,247)	(1,347,182)	(1,023,590)
Interest received on investments	205,817	58,224	264,041	263,842
Net cash provided by investing activities	(230,118)	58,224	(171,894)	231,421
Net increase (decrease) in cash and cash equivalents	12,821,714	986,594	13,808,308	(413,562)
Cash and cash equivalents - October 1	4,577,658	574,778	5,152,436	5,565,998
Cash and cash equivalents - September 30	<u>\$ 17,399,372</u>	<u>\$ 1,561,372</u>	<u>\$ 18,960,744</u>	<u>\$ 5,152,436</u>

**CITY OF GULFPORT, MISSISSIPPI**  
**COMBINED STATEMENT OF CASH FLOWS -**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**  
(With Comparative Totals for the Year Ended September 30, 2001)

	Enterprise	Internal Service	Totals (Memorandum Only)	
			2002	2001
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 412,066	\$ 446,372	\$ 858,438	\$ (1,278,059)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	2,743,335	-	2,743,335	2,544,797
Amortization	101,787	-	101,787	134,017
Bad debts	840,019	-	840,019	727,601
(Increase) decrease in assets:				
Accounts receivable	(1,324,826)	-	(1,324,826)	(937,123)
Prepaid assets	-	(138,698)	(138,698)	(85,246)
Due from other governments	-	-	-	234,746
Other receivables	-	153,779	153,779	25,952
Increase (decrease) in liabilities:				
Accounts payable	491,034	349	491,383	(127,502)
Other liabilities	15,167	-	15,167	-
Meter deposit liability	101,117	-	101,117	58,107
Accrued liabilities	(879)	466,568	465,689	624,679
Net cash provided by (used in) operating activities	<u>\$ 3,378,820</u>	<u>\$ 928,370</u>	<u>\$ 4,307,190</u>	<u>\$ 1,921,969</u>
<b>NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Change in fair value of investments	\$ -	\$ (2,428)	\$ (2,428)	\$ 6,728
Contributed capital	1,430,604	-	1,430,604	2,218,623
Total non-cash and related financing activities	<u>\$ 1,430,604</u>	<u>\$ (2,428)</u>	<u>\$ 1,428,176</u>	<u>\$ 2,225,351</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE BALANCE SHEET</b>				
	Restricted Assets	Assets Pooled and Non-Pooled	Total	
			2002	2001
Cash and cash equivalents - October 1				
Enterprise Funds	\$ 350,316	\$ 4,227,342	\$ 4,577,658	\$ 5,235,566
Internal Service Funds	-	330,432	330,432	330,432
Total cash and cash equivalents - October 1	<u>350,316</u>	<u>4,557,774</u>	<u>4,908,090</u>	<u>5,565,998</u>
Net increase (decrease)				
Enterprise Funds	106,436	12,715,278	12,821,714	(657,908)
Internal Service Funds	-	1,230,940	1,230,940	244,346
Net increase (decrease)	<u>106,436</u>	<u>13,946,218</u>	<u>14,052,654</u>	<u>(413,562)</u>
Cash and cash equivalents - September 30				
Enterprise Funds	456,752	16,942,620	17,399,372	4,577,658
Internal Service Funds	-	1,561,372	1,561,372	574,778
Total cash and cash equivalents - September 30	<u>\$ 456,752</u>	<u>\$ 18,503,992</u>	<u>\$ 18,960,744</u>	<u>\$ 5,152,436</u>

The accompanying notes are an integral part of these financial statements.

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An aerial photograph of a harbor filled with numerous fishing boats, likely shrimp trawlers, docked at a long wooden pier. The boats are white with various equipment and masts visible. The water is a murky greenish-brown, and a distant shoreline is visible in the background under a hazy sky.

# NOTES TO FINANCIAL STATEMENTS

The notes to financial statements contain a summary of significant accounting policies and other notes considered for a clear understanding of the financial statements.



**CITY OF GULFPORT, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2002**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**I. Introduction**

The City of Gulfport, Mississippi, (City) was incorporated July 28, 1898 under the laws of the State of Mississippi. The City operates under a Mayor-Council form of government. The following services are provided by the City: Public Safety (Police, Fire and Protection/Inspection), Street Maintenance, Garbage Collection, Water and Sewer, Social and Recreational, Public Improvements, Planning and Zoning, and General Administrative Services.

The City complies with accounting principles generally accepted in the United States of America. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended September 30, 2002.

**II. Basis of Presentation**

**(A) Financial Reporting Entity**

The City is a charter city in which citizens elect the mayor at large and seven council members by wards. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). Based on these criteria, it has been determined that the City has no component units.

See Note 18 for information describing related organizations not included in the City's reporting entity.

**(B) Fund Accounting**

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three broad fund categories as follows:

**Governmental Fund Types**

Governmental funds are those funds through which the City finances most of its municipal services. Governmental funds are accounted for using the current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available resources during a given period. The City's governmental funds are as follows:

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds.

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs, which are not being financed by proprietary funds.

Capital Projects Funds - The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital improvements and facilities (other than those financed by proprietary funds).

**Proprietary Fund Types**

Proprietary Funds are accounted for using the economic resources measurement focus; the accounting objectives of which are a determination of net income, financial position, and cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its balance sheet. Proprietary fund equity is segregated into contributed capital and retained earnings. The City's proprietary funds are as follows:

Enterprise Funds – The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds – The Internal Service Funds are used to account for operations that provide services to other departments or agencies of the government on a cost-reimbursement basis. Like commercial enterprises, a governmental unit may decide to accept certain risks rather than insure against those risks. As part of the City's self-insurance program, separate self-insurance reserve funds have been established to account for the actual cost of claims, re-insurance, and reserves. The City's Internal Service funds administer workman's compensation, liability, automobile, and health care claims. The Internal Service funds in turn charge the other City funds for their allocable share of these net costs.

**Fiduciary Fund Types**

Agency Funds - The Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governmental units, and other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Account Groups**

Account groups are used to establish accounting control and accountability for the City's general fixed assets and long-term liabilities that are not accounted for in the respective governmental funds. The account groups are not "funds". They are concerned only with the measurement of financial position, not with the measurement of results of operations. The City's account groups are as follows:

General Fixed Assets Account Group - The City has maintained a record of general fixed assets (i.e. those fixed assets not accounted for in proprietary funds) and, accordingly, such assets are reported in the General Fixed Assets Account Group as required by generally accepted accounting principles.

General Long-Term Debt Account Group - The General Long-Term Debt Account Group is established to account for all long-term debt and certain other liabilities of the City that are not specific liabilities of the proprietary funds.

**(C) Total Columns (Memorandum Only)**

Total columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. Data in these columns do not present information that reflects financial position, results of operations or cash flows in conformity with accounting principles generally accepted in the United States of America. Interfund eliminations have not been made in the aggregation of this data.

**(D) Comparative Data**

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the City's financial position and operations. Certain reclassifications have been made to the 2001 totals to conform to the 2002 presentation.

**III. Basis of Accounting and Measurement Focus**

**(A) Modified Accrual Basis of Accounting**

All governmental fund types and the agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected but unsettled at year-end. A two-month availability period is used for revenue recognition for most other governmental fund revenues.

Revenues not considered available are recorded as deferred revenues, if material. Also, under modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, which are reported as expenditures in the year due. Liabilities that will not be normally liquidated with expendable available financial resources are recorded in the General Long-Term Debt Account Group.

Those revenues susceptible to accrual are franchise taxes, sales taxes and gaming revenues collected and held by the State at year-end on behalf of the City, grants and interest revenues. Licenses and permits, certain charges for services, fines and forfeits and miscellaneous other revenues are recorded as revenues when received in cash because they are generally not measurable or available until actually received.

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Disbursements for inventory type items are considered expenditures at the time of purchase rather than at the time the items are used. Disbursements for capital items within governmental funds are considered expenditures when purchased and no depreciation is taken.

**(B) Accrual Basis of Accounting**

The accrual basis of accounting is used by the proprietary funds. Under this method, revenues are recognized in the accounting period in which they are earned and become measurable. Expenses, including depreciation, are recognized in the period incurred, if measurable. Unbilled utility service receivables are recorded at year-end.

**IV. Assets, Liabilities and Equity**

**(A) Cash and Investments**

The City's cash and cash equivalents are primarily considered to be cash on hand, amounts in demand deposits and certain money market mutual funds. For purposes of the statement of cash flows, short-term investments held in proprietary funds with a maturity date within three months of the date acquired by the City, if any, are considered cash equivalents.

The City maintains and controls a major cash pool in which the majority of the City's funds share. Each fund's portion of the pool is displayed on their respective balance sheet as "pooled cash and cash equivalents", some of which are restricted assets. In addition, non-pooled cash is separately held and reflected in their respective funds as "non-pooled cash and cash equivalents".

State statutes authorize the City to invest in (1) direct obligations of the United States government to the payment of which the full faith and credit of the United States government is pledged, (2) certificates of deposit when insured or secured by acceptable collateral and (3) obligations of the State of Mississippi; or any county, municipality or school district of the State of Mississippi which have been approved by a reputable bond attorney or have been validated by the decree of the chancery court.

Investments are recorded at fair value in accordance with GASB statement 31 with all investment income, including changes in the fair value of investments, reported as revenue in the financial statements. Income from short-term interest bearing securities is recognized as earned.

Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Short-term investments are reported at fair value when published prices are available, or at cost plus accrued interest, which approximates fair value.

**(B) Receivables**

All trade receivables are shown net of an allowance for uncollectibles. An allowance in the amount of \$4,220,469 at September 30, 2002 has been provided in the Water and Sewer Enterprise Fund for estimated uncollectible utility charges. The allowance is based on trade receivables in excess of 90 days outstanding.

An allowance for estimated uncollectible rental fees has been established in the Joseph T. Jones Fund based upon historical collection experience and other relevant circumstances. The allowance for estimated uncollectible receivables at September 30, 2002 is \$52,354.

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(C) Short-Term Interfund Receivables/Payables**

Numerous interfund transactions occur during the normal course of operations of the City. Disbursements made by one fund which are properly chargeable to another fund result in the creation of interfund receivables and payables which are classified on the balance sheet as "due to/from other funds". A cash transfer between the funds normally settles this type of transaction. All other interfund transactions are accounted for as either an operating transfer or a residual equity transfer. A residual equity transfer represents a transfer of the residual fund balance of a discontinued fund to another fund or a nonrecurring or non-routine transfer of equity between funds. Operating transfers are all legally authorized transfers that are not classified as residual equity transfers.

**(D) Advances To Other Funds**

Transactions between funds that are representative of lending/borrowing arrangements are recorded as advances. The current portion of such advances is referred to as "interfund receivables/payables." The noncurrent portion of interfund loans is recorded as "advances to/from other funds." Advances between funds are offset by a fund balance reserve account, in applicable governmental funds, to indicate that they do not constitute "expendable available financial resources" and, therefore, are not available for appropriation.

**(E) Prepaid Items**

Payments made to vendors for services that will benefit periods beyond September 30, 2002 are recorded as prepaid items.

**(F) Restricted Assets**

Funds are deposited with the City by each customer when a water and sewer account is opened. These funds are restricted due to the deposits and are held by the City until the customer account is closed, at which time the amounts are refundable to the customer.

**(G) General Fixed Assets**

General fixed assets have been acquired for general governmental purposes of the City as a whole. Assets purchased or constructed are recorded as expenditures in the governmental fund types of the City and are capitalized in the general fixed assets account group. All fixed assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated fixed assets are recorded at estimated fair market value at the time received. Assets in the General Fixed Assets Account Group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets.

The City has elected not to report public domain or infrastructure fixed assets that are immovable and of value only to the City government. Such assets consist of certain improvements, other than buildings, including roads, curbs and gutters, streets, sidewalks and lighting systems. Therefore, the purpose of stewardship for capital expenditures is satisfied without recording such assets. However, the City maintains records with appropriate legal and descriptive information for management.

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(H) Property, Plant and Equipment**

Property, plant and equipment associated with the activities of proprietary funds are recorded as assets of those funds, and are stated at historical cost if purchased, or at fair market value at date of gift if donated. Assets purchased or constructed by non-enterprise funds and contributed to the Enterprise Fund are recorded at historical cost. Depreciation has been provided over the estimated useful lives using the straight-line method. The following estimated useful lives for proprietary fund assets are used to compute depreciation:

Plant structures	25-50 years
Distribution system, water mains and hydrants	25-50 years
Improvements	10-20 years
Machinery and equipment	5-20 years
Vehicles	2-4 years
Office furniture and equipment	3-10 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the asset constructed.

**(I) Compensated Absences**

City policy allows employees to accumulate all unused vacation, compensatory (comp time) and sick leave. Retiring and terminating employees covered under the Disability and Relief-Municipal Retirement System are paid for all unused vacation, sick leave, and unused comp time. All other employees are paid for up to 30 days of unused vacation and all unused comp time upon retirement or termination, while excess vacation and all accumulated sick leave remaining are counted as creditable service toward retirement. Accumulated unpaid vacation and comp time amounts are accrued when incurred in proprietary funds and reported as a fund liability. Amounts not expected to be liquidated with expendable available financial resources are recorded in the General Long-Term Debt Account Group.

The compensated absences liability was computed using the specific identification method whereby the applicable number of vacation and sick hours and all compensatory hours are multiplied by the employee's hourly rate at September 30, 2002. The resulting liability is then increased to include social security and retirement contributions that the City is required to pay upon liquidation of the liability.

**(J) Post Employment Health Care Benefits**

The City does not have costs associated with post-employment benefits for retired employees. The City does allow employees to continue in the group plan after retirement; however, the retired employees pay all premiums.

**(K) Long-Term Obligations**

The City reports long-term debt of governmental funds at face value in the General Long-Term Debt Account Group. The City capitalizes all lease agreements that are considered to be capital leases under accounting principles generally accepted in the United States of America and includes the net present value of future lease payments in the General Long-Term Debt Account Group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the General Long-Term Debt Account Group. Long-term debt and other obligations financed by proprietary

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

funds are reported as liabilities in the appropriate funds. Details of all long-term obligations are presented in Note 8.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amounts from refundings. Issuance costs are reported as deferred charges.

**(L) Estimates**

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Data**

The procedures used by the City in establishing the budgetary data recorded in the general purpose financial statements are as follows:

1. The Finance Division of the Department of Administration prepares estimates of available revenue.
2. Department directors submit proposed expenditure budgets to the Finance Division by June 1 each year.
3. The Finance Division reviews expenditure budgets and necessary revisions are made.
4. Budgeted revenues and expenditures are balanced, and a summary budget is prepared and presented to the Mayor.
5. The Mayor submits the proposed budget to the City Council by August 1.
6. Public hearings are conducted to obtain taxpayer comments.
7. The final budget is approved by September 15 and must be published in a local newspaper on or before September 30.
8. The budget is formally amended in July each year, if necessary. However, budget revisions are made throughout the year (prior to July), as reallocations of funds are necessary, a budget deficit is indicated, or circumstances change which dictate the need for a budget amendment.
9. Formal budgetary integration is employed as a management control device for all governmental and proprietary fund types. Budgets for the Governmental Funds and the Internal Service Funds are prepared in accordance with accounting principles generally accepted in the United States of America. Budgets for the Enterprise Funds are prepared on a modified accrual basis (i.e. exclude depreciation and bad debt expense and include principal debt payments and capital outlay).

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

The legal level of control for all budgets adopted is at the fund level with the exception of the General Fund, which is appropriated at the department level. Administrative control for all budgets is maintained through the establishment of more detailed line-item budgets.

The Finance Division of the Department of Administration exercises budgetary monitoring throughout the fiscal year. An adopted budget may not exceed its appropriated level without City Council approval. However, department heads may make transfers of appropriations within a department. Budgetary controls are incorporated into the City's purchasing system. Purchase requisitions entered into the computer system that will cause a line item to exceed its budget will automatically be disallowed. The department head will then be required to make an inter-department budget transfer or request a budget amendment.

10. Budgeted revenues and other sources, expenditure or expense amounts and other uses, and appropriations to and from fund equity as originally budgeted were amended by the City Council as follows:

	Original Budget	Increase (Decrease)	Amended Budget
<b>Revenues and Other Sources:</b>			
General Fund	\$ 41,831,049	\$ 1,849,097	\$ 43,680,146
Special Revenue Funds	10,935,375	(3,290,025)	7,645,350
Debt Service Funds	3,883,801	95,020	3,978,821
Capital Projects Funds	6,756,588	(6,756,588)	-0-
Enterprise Funds	18,735,772	566,076	19,301,848
Internal Service Funds	<u>5,106,500</u>	<u></u>	<u>5,106,500</u>
Total revenues	87,249,085	(7,536,420)	79,712,665
 Appropriations from fund equity	 <u>17,136,156</u>	 <u>51,471,744</u>	 <u>68,607,900</u>
 Total revenues and appropriations from fund equity	 <u>\$ 104,385,241</u>	 <u>\$ 43,935,324</u>	 <u>\$ 148,320,565</u>
	Original Budget	Increase (Decrease)	Amended Budget
<b>Expenditures And Other Uses:</b>			
General Fund	\$ 46,010,049	\$ 3,402,440	\$ 49,412,489
Special Revenue Funds	12,975,321	2,297,212	15,272,533
Debt Service Funds	3,868,365	-	3,868,365
Capital Projects Funds	17,364,398	(2,270,788)	15,093,610
Enterprise Funds	19,203,595	40,283,973	59,487,568
Internal Service Funds	<u>4,963,513</u>	<u>222,487</u>	<u>5,186,000</u>
Total expenditures	104,385,241	43,935,324	148,320,565
 Appropriations to fund equity	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Total expenditures and appropriations to fund equity	 <u>\$ 104,385,241</u>	 <u>\$ 43,935,324</u>	 <u>\$ 148,320,565</u>

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

11. Encumbrance accounting, under which executed but unperformed purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds and Capital Projects Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and are reappropriated in the next year's budget.
12. Unexpended appropriations lapse at year-end in all funds.

**NOTE 3: PROPERTY AND GAMING TAX REVENUES**

**(A) Property Tax**

Harrison County bills and collects the real, personal, and auto ad valorem taxes for the City. Taxes on real and personal property are levied by the City Council at the first regular meeting in September for the ensuing fiscal year, which begins on October 1. Restrictions associated with property tax levies vary with the statutory authority. State law limits the amount of increase in certain property taxes. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount that resulted from the assessments of the previous year plus new construction.

Real property taxes become a lien on January 1 and personal property taxes become a lien on March 1 of the current calendar year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All taxes are remitted monthly to the City. In addition, Harrison County also remits to the City a prorata share of road and bridge taxes collected by the County. Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue when received. Real property taxes are recognized as revenue when received because most delinquent real property taxes are collected by selling real property for taxes, together with all fees, penalties and damages accruing until date of sale, before the close of the fiscal year. The remaining amount of real property not sold for taxes at the tax sale is considered immaterial; therefore, no end of year delinquent taxes receivable is recorded. The amount of delinquent personal property taxes unpaid at year-end is also considered immaterial.

The rates are expressed in terms of mills (i.e. ten mills equal one cent). The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt and other purposes for the year ended September 30, 2002 was 29.66 mills or \$29.66 per \$1,000 of assessed valuation. A summary of the assessed valuations and tax levies of the City for the year ended September 30, 2002 have been provided below. The tax levies have been shown comparative with the previous year for informational purposes.

State law requires the municipality to exercise its taxing authority for the benefit of other governing authorities, which are not a part of the reporting entity. As provided, the municipality must levy specified ad valorem taxes as directed by the other governing authority and turn all proceeds over to it. Accordingly, taxes for the Gulfport School District are also billed and collected by the County and remitted to the City for disbursement to the School District.

Ad valorem taxes collected and settled in accordance with this legal requirement are not recognized as revenues and expenditures of the municipality. The tax levies noted below with respect to the school funds were made in accordance with this legal requirement.

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 3: PROPERTY AND GAMING TAX REVENUES (Continued)**

The assessed valuations of the City and the School District for the years ended September 30, 2002 and 2001, are as follows:

	<u>2002</u>	<u>2001</u>
<b>CITY:</b>		
Real property	\$ 338,110,261	\$ 331,352,346
Personal property	72,083,088	69,630,353
Public utilities	100,695,000	98,257,718
Automobiles	<u>71,198,947</u>	<u>71,847,174</u>
Totals – city	<u>\$ 582,087,296</u>	<u>\$ 571,087,591</u>
<b>SCHOOL DISTRICT:</b>		
Real property	\$ 214,928,785	\$ 215,264,393
Personal property	30,761,805	41,714,765
Public utilities	44,272,680	34,058,098
Automobiles	<u>32,011,192</u>	<u>42,787,873</u>
Totals – school district	<u>\$ 321,974,462</u>	<u>\$ 333,825,129</u>

The tax levies for the years ended September 30, 2003, 2002 and 2001, are as follows:

	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>CITY:</b>			
General Fund	23.88	19.80	19.40
Library Fund	.88	.88	.88
City Bond and Interest Fund	7.36	7.10	7.50
Disability & Relief	<u>1.88</u>	<u>1.88</u>	<u>1.88</u>
Total City administered funds	<u>34.00</u>	<u>29.66</u>	<u>29.66</u>
<b>SCHOOL:</b>			
School Bond & Interest Fund	7.60	8.11	9.11
Minimum Education Program Funds		1.45	1.59
District Maintenance Funds	<u>47.25</u>	<u>44.18</u>	<u>42.03</u>
Total school administered funds	<u>54.85</u>	<u>53.74</u>	<u>52.73</u>
Total levy	<u>88.85</u>	<u>83.40</u>	<u>82.39</u>

**(B) Gaming Tax Revenues**

In the early part of 1992, the citizens of Harrison County voted to allow dockside casino gaming as defined by the Mississippi Gaming Control Act of 1990. In May of 1993, the first casino opened in Gulfport. As of September 30, 2002, there were two casinos operating within the City. Gaming activities are taxed in a variety of ways. The State of Mississippi levies a sliding scale tax on gross gaming revenue, of which Harrison County and the City receive .4 to .8 percent. This tax is divided: 63% to the County and 37% to the City. The allocation is based upon the population demographics of the last official census. In addition to the State tax, the City, through local ordinance in accordance with State law, levies an additional 3.2% tax on gross gaming revenues. This tax is distributed as follows: 60% to the City (20% of which is designated for public safety); 20% to the Gulfport Public Schools; 10% to Harrison County for public safety; and 10% to Harrison County schools. In addition to the taxes on gross gaming revenue, the State, City and County annually receive licensing fees and permits from each casino for each gaming device. The following is an analysis of the gaming revenues reported in the City's governmental funds for fiscal years ended September 30:

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 3: PROPERTY AND GAMING TAX REVENUES (Continued)**

	<u>2002</u>	<u>2001</u>
Local casino revenue	\$ 117,465,597	\$ 114,582,719
	<u>x 3.2%</u>	<u>x 3.2%</u>
Local option tax levy	3,758,898	3,666,647
Plus: local share of State levy	<u>639,291</u>	<u>574,046</u>
Total gaming taxes	4,398,189	4,240,693
Plus: gaming privilege licenses	<u>385,800</u>	<u>347,746</u>
Total gaming revenues	<u>\$ 4,783,989</u>	<u>\$ 4,588,439</u>

**(C) Sales Tax Revenues**

The State levies a 7% sales tax on retail sales and remits 18.5% of the amount collected (within the corporate boundaries of the City of Gulfport) back to the City monthly. Tax revenue reported in the General Fund includes \$16,477,168 of sales tax revenue.

**NOTE 4: CASH AND OTHER DEPOSITS, CASH WITH FISCAL AGENTS, AND INVESTMENTS**

**(A) Cash and Other Deposits**

The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

The carrying amount of the city's deposits with financial institutions was \$37,630,987, and the bank balance was \$38,365,127.

As follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
<u>Pooled Cash:</u>		
General Fund	\$ 9,136,054	\$ 9,011,808
Special Revenue	776,513	760,042
Debt Service	2,178,286	2,131,943
Capital Projects	6,517,663	6,379,000
Enterprise	17,777,081	17,398,872
Internal Service	<u>1,595,313</u>	<u>1,561,372</u>
Total pooled cash	<u>37,980,910</u>	<u>37,243,037</u>
<u>Non-Pooled Cash:</u>		
General Fund	185,922	188,626
Special Revenue	71,915	74,914
Enterprise	-	500
Trust and Agency	<u>126,380</u>	<u>387,950</u>
Total non-pooled cash	<u>384,217</u>	<u>387,950</u>
Total pooled and non-pooled cash	<u>\$ 38,365,127</u>	<u>\$ 37,630,987</u>

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 4: CASH AND OTHER DEPOSITS, CASH WITH FISCAL AGENTS, AND INVESTMENTS (Cont.)**

Cash in Water and Sewer of \$13,950,637 is classified as an Other Asset as to not distort working capital.

**(B) Investments**

Investing is performed in accordance with investment policies complying with State Statutes (See Note 1.IV.A). The City's investments are categorized into three categories of credit risk:

- (1) Insured or registered, with securities held by the City or its agent in the City's name.
- (2) Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the City's name.
- (3) Uninsured and unregistered, with securities held by the counter-party or by its trust department or agent but not in the City's name.

At September 30, 2002, the City's surplus funds that were not invested in overnight sweep repurchase agreements (considered short term and reported above as cash) were invested in Federated U.S. Cash Reserves Mutual Funds. A summary of the City's investments at September 30, 2002 is as follows:

	<u>Category</u>			<u>Fair</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Value</u>
<u>Internal Service Fund</u>				
Federated U.S. Cash				
Reserves Mutual Funds	\$ 1,027,890	-	-	\$ 1,027,890
<u>Water and Sewer Fund</u>				
Daily Income Govt. II	<u>435,935</u>	<u>-</u>	<u>-</u>	<u>435,935</u>
Total	<u>\$ 1,463,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,463,825</u>

**(C) Cash with Fiscal Agents**

The carrying amount of city's cash with fiscal agents held by financial institutions was \$76,212. The entire amount was insured or collateralized with securities held by the financial institutions in the city's name.

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 5: RECEIVABLES**

The combined balance sheet of the City includes the following receivables at September 30, 2002:

	General Fund	Special Revenue Funds
<u>Governmental Fund Types</u>		
Taxes receivable:		
Sales tax	\$ 1,411,929	\$ -
Franchise taxes	741,993	-
Gaming revenues	383,690	-
Other receivables:		
Privilege licenses	145,736	-
Miscellaneous	291,695	-
Grantee loans:		
HUD Rehab loans	-	2,332,873
Rental Rehab loans	-	91,963
Total receivables	<u>\$ 2,975,043</u>	<u>\$ 2,424,836</u>
		Enterprise Funds
<u>Proprietary Fund Types</u>		
Accounts receivable:		
Water and sewer utility charges billed but uncollected		\$ 5,649,564
Water and sewer utility charges accrued but unbilled at year end		2,120,386
Harbor berth rentals		<u>205,452</u>
Total gross receivables		7,975,402
Less: allowance for uncollectibles		<u>(4,272,823)</u>
Net total accounts receivable		<u>\$ 3,702,579</u>

The City has received certain grant awards for community and economic development from the U.S. Department of Housing and Urban Development (HUD) and the State of Mississippi for the purposes of providing certain loan programs. These loans, included in the above receivables summary as Grantee Loans, are described as follows:

Rehabilitation Loans - The purpose of this grant is to provide home improvement loans to qualifying individuals. At September 30, 2002, there were 186 individual loans outstanding totaling \$787,755 bearing interest at rates primarily between 0% and 3% depending on the type of loan.

Economic Development Loans - The purpose of this grant is to provide economic development loans to new businesses in the City that meet specific requirements established by the grant. At September 30, 2002, there were two loans outstanding totaling \$1,545,118 bearing interest at 4.5% per annum.

Rental Rehabilitation Loans - The purpose of this grant is to provide rehabilitation loans to owners renovating low to moderate income rental housing units. At September 30, 2002, there were 3 loans outstanding totaling \$91,963 with an interest rate of 3% per annum.

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 5: RECEIVABLES (Continued)**

The City has designated the principal and interest payments on these to be used for additional loans and, accordingly, have been recorded as deferred revenue until the program is terminated and the remaining funds returned to the grantor or taken into income.

The City has not provided an allowance for uncollectible loans due to the revolving nature of the programs. Activity in the programs for the year is as follows:

	Programs			
	Rehab	Economic	Rental	
	Loans	Development	Rehab	
	Loans	Loans	Loans	Total
Balance, October 1, 2001	\$ 821,608	\$ 1,587,612	\$ 91,963	\$ 2,501,183
Plus: new loans added	-	-	-	-
Less: principal payments	(33,853)	(42,494)	( - )	(76,347)
Balance, September 30, 2002	<u>\$ 787,755</u>	<u>\$ 1,545,118</u>	<u>\$ 91,963</u>	<u>\$ 2,424,836</u>

**NOTE 6: INTERFUND RECEIVABLES AND PAYABLES**

The composition of interfund balances at September 30, 2002 is as follows:

	Due From Other Funds	Due To Other Funds
<u>General Fund</u>		
Community Development	\$ 93,754	\$ -
Claims Contingency	100,000	
Water and Sewer Fund	38,274	
Debt Service Fund	2,041	
	<u>234,069</u>	
<u>Special Revenue Funds</u>		
General Fund		<u>93,754</u>
<u>Debt Service Fund</u>		
General Fund	<u>-</u>	<u>2,041</u>
<u>Enterprise Fund</u>		
General Fund	<u>-</u>	<u>38,274</u>
<u>Agency Fund</u>		
General Fund	<u>-</u>	<u>100,000</u>
Totals	<u>\$ 234,069</u>	<u>\$ 234,069</u>

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 6: INTERFUND RECEIVABLES AND PAYABLES (Continued)**

In addition to the above interfund loans, the following transfers were made between funds during the year ended September 30, 2002:

	<u>Transfers to Other Funds</u>	<u>Transfers From Other Funds</u>
<u>General Fund</u>		
Capital Projects	\$ 1,330,000	\$ 12,401
Public Improvement 2001	35,000	
Flood Acquisition Fund	147,118	
Debt Service Fund	<u>95,020</u>	
	<u>1,607,138</u>	<u>12,401</u>
 <u>Special Revenue Funds</u>		
Capital Projects	<u>                    </u>	417,631
		<u>417,631</u>
 <u>Debt Service Funds</u>		
General Fund	<u>                    </u>	95,020
 <u>Capital Projects Fund</u>		
General Fund	12,401	1,365,000
Special Revenue	270,513	
Capital Projects	<u>310,007</u>	<u>310,007</u>
	<u>592,921</u>	<u>1,675,007</u>
 Totals	<u>\$ 2,200,059</u>	<u>\$ 2,200,059</u>

The City's Water & Sewer Fund and Joseph T. Jones Fund (proprietary fund types) pay a management fee to the General Fund to cover various costs such as administrative salaries, occupancy costs, etc. Such fees totaled \$91,670 for the year ended September 30, 2002 and have been included in "Charges for Services" revenue on the General Fund and in "Other Services and Charges" expenditures on the Water & Sewer Fund and the Joseph T. Jones Fund.

**NOTE 7: FIXED ASSETS**

A summary of changes in general fixed assets follows:

	<u>Balance 10/01/01</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/02</u>
Land, improvements and parks	\$ 18,931,622	\$ 3,629,597	\$ -	\$ 22,561,219
Buildings and improvements	13,662,786	85,580	-	13,748,366
Improvements other than buildings	9,680	-	-	9,680
Machinery and equipment	8,066,854	2,853,695	(622,024)	10,298,525
Vehicles	<u>9,174,865</u>	<u>737,722</u>	<u>(351,374)</u>	<u>9,561,213</u>
 Total	<u>\$ 49,845,807</u>	<u>\$ 7,306,594</u>	<u>\$ (973,398)</u>	<u>\$ 56,179,003</u>

The following is a summary of property, plant and equipment of the Proprietary fund types at September 30, 2002:

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 7: FIXED ASSETS (Continued)**

Water and Sewer Fund

	Balance 10/01/01	Additions	Reclassifications or Deletions	Balance 9/30/02
Land	\$ 149,313	\$	\$	\$ 149,313
Buildings	139,619			139,619
Lease Improvements				
Other Than Buildings	75,998,138	1,756,977	410,536	78,165,651
Lease Machinery & Equipment	1,202,300	120,706	(225,822)	1,097,184
Vehicles	937,801	162,744	(184,714)	915,831
Total	<u>78,427,171</u>	<u>2,040,427</u>	<u>0</u>	<u>80,467,598</u>

Joseph T. Jones Fund

Land	63,303			63,303
Buildings	920,054			920,054
Improvements Other Than Buildings	863,138			863,138
Machinery & Equipment	25,277		5,257	20,020
Vehicles	22,864			22,864
Total	<u>1,894,636</u>	<u>0</u>	<u>5,257</u>	<u>1,889,379</u>

Grand Total Assets	<u>80,321,807</u>	<u>2,040,427</u>	<u>(5,257)</u>	<u>82,356,977</u>
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Water and Sewer Fund

	Accumulated Depreciation 10/01/01	2002 Depreciation	Deletions	Accumulated Depreciation 9/30/02
Land	0			0
Buildings	80,636	5,585		86,221
Lease Improvements				
Other Than Buildings	18,270,104	2,453,759		20,723,863
Lease Machinery & Equipment	599,268	158,937		758,205
Vehicles	623,905	75,362		699,267
Total	<u>19,573,913</u>	<u>2,693,643</u>		<u>22,267,556</u>

Joseph T. Jones Fund

Land	22,681	6,632		29,313
Buildings	136,820	25,009		161,829
Improvements Other Than Buildings	659,717	15,433		675,150
Machinery & Equipment	9,945	2,618		12,563
Vehicles	22,864			22,864
Total	<u>852,027</u>	<u>49,692</u>		<u>901,719</u>

Grand Total Accumulated Depreciation	<u>20,425,940</u>	<u>2,743,335</u>		<u>23,169,275</u>
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Net Assets	<u>\$ 59,895,867</u>	<u>\$ (702,908)</u>	<u>\$ (5,257)</u>	<u>\$ 59,187,702</u>
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Depreciation expense aggregating \$2,743,335 has been charged as a period cost in the current fiscal year.

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 8: LONG-TERM DEBT**

**(A) General Long-Term Debt Account Group**

The following changes occurred in liabilities reported in the General Long-Term Debt Account Group for the year ended September 30, 2002:

	Payable at 10/01/01	Additions	Reductions	Payable at 9/30/02
General Obligation Bonds	\$ 26,060,000	\$ -	\$ 1,410,000	\$ 24,650,000
School District Bonds	1,540,000	-	330,000	1,210,000
Notes payable	3,943,026	3,700,000	341,762	7,301,264
Capital Leases	900,000	600,000	320,000	1,180,000
Compensated absences	2,018,893		123,839	1,895,054
Claims and judgments	47,000	-	2,000	45,000
Total General Long-Term Debts	<u>\$ 34,508,919</u>	<u>\$ 4,300,000</u>	<u>\$ 2,527,601</u>	<u>\$ 36,281,318</u>

**(1) General Obligation and School District Bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for City and School District activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City remains contingently liable on all school bond obligations issued prior to 1987, although debt service requirements are financed from school bond and interest tax millage. For the year ended September 30, 2002, the School District paid \$465,245 of principal and interest on these bonds. Such payments have been reflected in the City's General Bond and Interest Fund as intergovernmental revenue and debt service expenditures. The City reflects the outstanding portion of such obligations within its General Long-Term Debt Account Group due to its contingent obligation for such debt and because the School District has not reflected such debt within its annual financial statements. Debt obligations of the School District issued subsequent to 1986 pledge the full faith and credit of the School District only and, therefore, are not reflected in these financial statements.

General obligation bonds generally are issued as serial bonds with certain amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

Purpose	Original Amount	Issue Date	Interest Rate	Outstanding Amount
School District	\$ 4,380,000	9/10/85	8.00-11.0	\$ 1,210,000
General government	14,455,000	3/01/93	4.90-7.00	10,090,000
General government- Refunding Issue	1,895,000	9/12/95	7.00-7.80	1,210,000
General government	8,500,000	8/01/96	4.75-6.60	7,245,000
General government	6,000,000	7/01/98	4.40-6.00	5,260,000
General government	<u>1,000,000</u>	<u>5/01/00</u>	<u>5.20</u>	<u>845,000</u>
	<u>\$ 36,230,000</u>			<u>\$ 25,860,000</u>

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 8: LONG-TERM DEBT (Continued)**

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 1,845,000	\$ 1,346,094	\$ 3,191,094
2004	1,990,000	1,231,637	3,221,637
2005	2,115,000	1,107,862	3,222,862
2006	1,770,000	982,376	2,752,376
2007	1,870,000	892,961	2,762,961
2008-2012	9,870,000	3,008,289	12,878,289
2013-2017	5,925,000	832,470	6,757,470
2018-2022	<u>475,000</u>	<u>23,436</u>	<u>498,436</u>
Totals	<u>\$ 25,860,000</u>	<u>\$ 9,425,125</u>	<u>\$ 35,285,125</u>

(2) General Obligation Notes

The City issued general obligation notes to provide funding for various capital improvement projects. The notes are also direct obligations of the City and pledge the full faith and credit of the City. General obligation notes currently outstanding are as follows:

<u>Description</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Outstanding Amount</u>
State of Mississippi CAP Revolving Fund, 15 year note, \$922,903, to construct fire stations in the annexed area	8/4/97	3.7%	\$ 661,010
State of Mississippi CAP Revolving Fund, 15 year note, \$425,000, to construct fire stations in the annexed area	8/4/97	3.7%	304,387
Whitney National Bank, Negotiable Note Series 1998, 5 year note, \$336,000, to purchase building for police department	11/6/98	4.1%	144,200
Hancock Bank, Mississippi Development 20 year Promissory Note, \$10,000,000, authorized ( \$2,500,000 for flood acquisition, and \$7,500,000 for general capital projects) only \$6,400,000 issued to date. TBMA - The Bond Market Association Index	12/01/00	1.05% over TBMA	<u>6,191,667</u>
Total			<u>\$ 7,301,264</u>

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 8: LONG-TERM DEBT (Continued)**

The annual debt service requirements to maturity for the general obligation notes are as follows:

Year Ending September 30	Principal	Interest	Total
2003	\$ 472,960	\$ 196,439	\$ 669,399
2004	479,671	182,190	661,861
2005	408,999	167,676	576,675
2006	412,348	156,071	568,419
2007	415,824	144,339	560,163
2008-2012	2,119,793	549,385	2,669,178
2013-2017	1,600,000	284,445	1,884,445
2018-2022	<u>1,391,669</u>	<u>79,573</u>	<u>1,471,242</u>
Totals	<u>\$ 7,301,264</u>	<u>\$ 1,760,118</u>	<u>\$ 9,061,382</u>

(3) General Capital Lease Obligation

The City has entered into a lease agreement as lessee for financing the acquisition of a new computer system and signage at the Sportsplex complex. The lease agreement qualifies as a capital lease for accounting purposes (titles transfer at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception.

The following lease obligation is currently outstanding:

Description	Original Amount	Issue Date	Effective Interest Rate	Outstanding Present Value
General government computer lease	\$ 1,100,000	5/22/00	5.29%	\$ 700,000
Sportsplex signage	600,000	10/1/01	3.596%	<u>480,000</u>
Total				<u>\$ 1,180,000</u>

The following is an analysis of property leased under capital leases as of September 30, 2002:

	Cost
Machinery and equipment	\$ 1,100,000
Signage	<u>600,000</u>
Total	<u>\$ 1,700,000</u>

These leased assets are included in Equipment under General and Culture and Recreation.

The following is a schedule of future minimum lease payments under capital leases and present value of net minimum payments at September 30, 2002:

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 8: LONG-TERM DEBT (Continued)**

<u>Year Ending September 30</u>	<u>Total</u>
2003	\$ 337,261
2004	382,946
2005	565,909
2006	<u>124,315</u>
Total	1,410,431
Less amount representing interest	<u>(230,431)</u>
Present value of future minimum lease payments	<u>\$ 1,180,000</u>

(5) Compensated Absences

The City's policies relative to compensated absences, method of computing accrued liabilities and reporting are discussed at Note 1.

(6) Claims and Judgments

The City has a commitment to pay life insurance benefits of \$1,000 upon the death of each retiree included in the Firemen's and Policemen's Disability and Relief Plan. The City elected to cancel its insurance policy covering such claims and self-insure these benefits. As a result, a total of \$85,000 was recorded for the 85 remaining retirees receiving benefits effective October 1, 1992. As of September 30, 2002, a total of 45 retirees and employees remain covered under the system. Accordingly, a liability in the amount of \$45,000 has been included in the General Long-Term Debt Account Group at September 30, 2002.

(7) Legal Debt Margin

The City's legal debt limit for general obligation bonds is \$87,313,094. After reduction for outstanding general obligation bonds of \$24,650,000 and increase by \$2,206,114 of available assets in the Debt Service Fund, the City's legal debt margin was \$64,869,208, at September 30, 2002.

(8) No-Commitment Debt

The City authorized the issuance of \$13,900,000 of Hospital Revenue Bonds in 1988, \$17,725,000 of Hospital Revenue Refunding Bonds in 1989 and \$60,000,000 of Hospital Revenue Bonds in 2001. The Series 1994A and 1994B Hospital Revenue Refunding and Improvement Bonds were issued in 1994 to refund the 1988 and 1989 bonds and provide financing for expansion. The 2001 bonds were used to provide financing for construction. As of September 30, 2002, the aggregate outstanding balance for the Hospital Revenue Refunding Bonds net of unamortized discount was \$100,056,972. These bonds do not constitute a liability of the City, are not a charge against its general credit or taxing powers and, accordingly, are not included in the City's General Long-Term Debt Account Group. However, as more fully discussed at Note 18, Memorial Hospital at Gulfport is a joint venture of the City and Harrison County.

**(B) Enterprise Obligations**

The following changes occurred in long-term debt liabilities reported in the Enterprise Funds for the year ended September 30, 2002:

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 8: LONG-TERM DEBT (Continued)**

	Note Bonds	Obligations	Total
Balance, October 1, 2001	\$ 44,165,000	\$ 6,069,621	\$ 50,234,621
Plus: new issues	15,000,000	-	15,000,000
Less: principal payments	( 900,000)	( 403,039)	( 1,303,039)
Balance, September 30, 2002	<u>\$ 58,265,000</u>	<u>\$ 5,666,582</u>	<u>\$ 63,931,582</u>

(1) Revenue Bonds

These are bonds for which the City pledges income derived from the acquired or constructed assets to pay debt service. Bonds outstanding at September 30, 2002 are as follows:

Purpose	Original Amount	Issue Date	Interest Rate	Outstanding Amount
Water and Sewer General Obligation Series 1996 Bonds	\$ 6,000,000	12/01/96	4.875-6.25%	\$ 5,100,000
Water and Sewer General Obligation Refunding Series 1998 Bonds	6,440,000	8/01/98	4.75%	5,065,000
Water and Sewer Series 1999 Revenue Bonds	33,300,000	12/01/99	4.4-6.0%	33,100,000
Water and Sewer Series 2001 Revenue Bonds	<u>15,000,000</u>	4/23/02	3.0-5.25%	<u>15,000,000</u>
Total	<u>\$ 60,740,000</u>			<u>\$ 58,265,000</u>

Bonded debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest	Total
2003	\$ 1,060,000	\$ 3,122,813	\$ 4,182,813
2004	1,490,000	3,068,313	4,558,313
2005	1,700,000	2,999,000	4,699,000
2006	1,805,000	2,915,956	4,720,956
2007	2,265,000	2,820,625	5,085,625
2008-2012	11,625,000	12,437,354	24,062,354
2013-2017	12,975,000	9,253,104	22,228,104
2018-2022	15,020,000	5,466,692	20,486,692
2023-2027	<u>10,325,000</u>	<u>1,172,067</u>	<u>11,497,067</u>
Totals	<u>\$ 58,265,000</u>	<u>\$ 43,255,924</u>	<u>\$ 101,520,924</u>

On December 1, 1996, the City issued \$6,000,000 of general obligation water and sewer bonds with an average interest rate of 5.55% to provide funds for the purpose of repairing or improving the existing combined water and sewer system of the City and for erecting or purchasing additional waterworks or other public utility plants or distribution systems or franchises, and repairing or improving the same. The bonds are backed by the full faith, credit and taxing power of the City. The balance of these bonds has been recorded in the Water and Sewer Enterprise Fund, as it is the intention of the City to use utility revenue to service these bonds.

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 8: LONG-TERM DEBT (Continued)**

On August 1, 1998, the City issued \$6,440,000 of general obligation refunding bonds with an average interest rate of 4.75% to refund the Series 1992 \$8,800,000 Combined Water and Sewer System Revenue Refunding Bonds of the City. The refunding of these bonds made available the restricted cash and investments of \$875,000 required to be held by the Series 1992 bonds. The new bonds were used to purchase existing waterworks or other public utility plants or distribution systems or franchises, and repairing or improving the same. The bonds are backed by the full faith, credit and taxing power of the City. The balance of these bonds has been recorded in the Water and Sewer Enterprise Fund, as it is the intention of the City to use utility revenue to service these bonds.

On December 1, 1999, the City issued \$33,300,000 of water and sewer revenue bonds with an average interest rate of 5.2% to provide funds to purchase the utility system operated by Orange Grove Utilities, Inc., which was a private water system in the annexed area. Bond covenants require the city to maintain a \$1,000 depreciation reserve and a \$1,000 contingency reserve in addition to maintaining a 105% net revenue coverage on the current debt service.

On April 23, 2002, the City issued \$15,000,000 of water and sewer special obligation bonds with an average interest rate of 5.21% to provide funds for the water and sewer master plan – phase I (right-of-way acquisitions), to upgrade water systems, and to purchase smaller utility companies in the Orange Grove area. Bond covenants require the city to maintain a \$1,000 depreciation reserve and a \$1,000 contingency reserve in addition to maintaining a 105% net revenue coverage on the current debt service.

(2) Enterprise Note Obligations

The City's utility enterprise fund finances extensions and improvements to its system through note obligations that are subordinate to the revenue bonds.

The utility maintains state revolving loans, which enabled the City to provide sewer services in needed areas. These loans are to be repaid over a period of twenty years, bearing interest rates of 3% - 4.5% per annum. Payment on these loans is made by way of sales tax reductions from amounts due to the City for sales taxes collected in the City. The Water and Sewer Fund then reimburses the General Fund for the amount of the deduction.

A summary of note obligations outstanding at September 30, 2002 is as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Date</u>	<u>Rate</u>	<u>Outstanding Amount</u>
State Revolving Fund Loans	<u>\$ 8,675,340</u>	various	3.0-4.5%	<u>\$ 5,666,582</u>

Annual debt service requirements to maturity for the above noted obligations are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 419,035	\$ 216,673	\$ 635,708
2004	435,674	200,034	635,708
2005	452,983	182,725	635,708
2006	470,989	164,719	635,708
2007	489,722	145,986	635,708
2008-2012	2,676,123	422,325	3,098,448
2013-2017	<u>722,056</u>	<u>27,365</u>	<u>749,421</u>
Totals	<u>\$ 5,666,582</u>	<u>\$ 1,359,827</u>	<u>\$ 7,026,409</u>

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 9: DEFICIT RETAINED EARNINGS OF INDIVIDUAL FUNDS**

In the Internal Service Funds the Claims Contingency Fund has a deficit retained earnings in the amount of (\$320,614). This fund had a current net loss of (\$242,141). The loss added to the beginning deficit of (\$78,473) results in the (\$320,614) deficit.

**NOTE 10: OTHER INDIVIDUAL FUND DISCLOSURES**

A listing of the individual funds that have an excess of expenditures over budget, including amounts of the excess, is as follows:

<u>Fund Type/Fund</u>	<u>Amount</u>
Special Revenue Funds – Police and Fireman’s Retirement Fund	\$ 20,197
Special Revenue Funds – Library Fund	8,380
Debt Service Fund – Debt Service Fund	158,261

The Debt Service fund is in violation of state law. However, the city has no liability associated with this violation. The Special Revenue fund is not in violation of state law since additional tax receipts from the prior year were collected and dispersed at year end.

**NOTE 11: CONTRIBUTED CAPITAL**

Generally accepted accounting principles for proprietary funds of governmental entities require that resources (i.e. grants, entitlements, or shared revenues) externally restricted for capital acquisition or construction are to be reported as contributed capital. As a result, depreciation recognized on assets acquired or constructed through such resources externally restricted for capital acquisitions may be closed to the appropriate contributed capital account. Currently, the City closes \$401,278 of depreciation to the contributed capital accounts of the Water and Sewer Fund. During the current fiscal year, \$1,430,604 was recorded as contributions made to the funds. At September 30, 2002, all of the assets acquired with contributed capital in the Joseph T. Jones Fund had been fully depreciated.

Contributions to proprietary funds and to other governmental entities that use proprietary fund accounting is recognized as revenues, not contributed capital. \$1,430,604 was contributed from developers in the Water and Sewer fund for the current year.

Contributed capital, October 1, 2001	\$ 11,314,360
Current year depreciation on assets acquired with restricted funds	<u>(401,278)</u>
Contributed capital, September 30, 2002	<u>\$ 10,913,082</u>

**NOTE 12: FUND RESERVES**

Fund reserves are portions of fund equity that are legally segregated for a specific future use or are not available for current operations. Following is a description of fund reserves used by the city:

Reserved for encumbrances – An account that represents a portion of the fund balance for commitments related to unperformed contracts.

Restricted funds – donor imposed - The city received \$100,000 for the senior citizens. The principal cannot be expended .

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 12: FUND RESERVES (Continued)**

Reserved for debt service – An account that represents the fund balance for the Debt Service Fund resources which are legally restricted for the payment of general long-term debt principal and interest amounts maturing in future years.

Unreserved designated for subsequent year expenditures – An account that represents the amount designated to be spent in the next year.

**NOTE 13: UNEMPLOYMENT COMPENSATION FUND**

In accordance with Mississippi Code Section 71-5-359(f), the City has obtained a surety bond and posted this bond with the Mississippi Employment Security Commission in lieu of maintaining a cash reserve.

**NOTE 14: RISK MANAGEMENT**

**(A) Description**

The City's risk management activities are recorded in the Claims Contingency Fund and the Group Life and Health Fund. The purpose of these funds is to administer general liability, police professional liability, automobile and property liability, workers' compensation, employee life, and employee health insurance programs of the City on a cost-reimbursement basis. These funds account for the risk financing activities of the City but does not constitute a transfer of risk from the City.

In compliance with the Tort Claims Act, Chapter 46 of Title 11 and as amended by the 1993 Legislature, Section 11-46-17(3) requires all municipalities from and after October 1, 1993, to obtain such policies of insurance, establish self-insurance reserves, or provide a combination of insurance and reserves necessary to cover all risks of claims and suits for which a municipality may be liable under the Tort Claims Act.

In order to assure compliance with the Tort Claims Act, the Mississippi Tort Claims Board was established by House Bill 417. Municipalities are required to submit plans of insurance, self-insurance and or reserves to the Tort Claims Board for approval.

The City is in compliance with the above by providing a combination of insurance and reserves for its tort liabilities, as well as for all of its other risk management activities. A description of these programs is included below:

Significant losses are covered by commercial insurance. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years. The following summary reflects the City's insurance coverage and self-insured risk retention (SIR):

Workers' Compensation

Per occurrence deductible (SIR)	\$ 200,000
Annual aggregate risk of loss through deductibles	1,000,000
Specific excess coverage in force	Statutory

Employee Health Insurance

Per occurrence deductible (SIR)	100,000
Annual aggregate risk of loss through deductibles	3,224,618

General and Other Liability Coverage

Per occurrence deductible (SIR)	50,000
Annual aggregate risk of loss through deductibles	350,000
Specific excess coverage in force	1,000,000/Occurrence 3,000,000/Aggregate

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 14: RISK MANAGEMENT (Continued)**

Property Coverage

Per occurrence deductible (SIR)	50,000
Specific excess coverage in force	80,526,184

**(B) Claims Liability**

The City records an estimated liability for employee health care, workers' compensation, torts, and other claims against the City. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience.

**(C) Unpaid Claims Liabilities**

The funds establish a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the City from October 1, 2000 to September 30, 2002:

	Claims Contingency Fund (Workers' Compensation and Tort Claims)	Group Life and Health Fund (Health Care Claims)
Liability balance, October 1, 2000	\$ 1,150,000	\$ 2,031
Claims and changes in estimates	1,144,312	3,176,540
Claims payments	<u>(734,312)</u>	<u>(2,965,826)</u>
Liability balance, September 30, 2001	1,560,000	212,745
Claims and changes in estimates	902,028	2,718,049
Claims payments	<u>(622,957)</u>	<u>(2,630,552)</u>
Liability balance, September 30, 2002	<u>\$ 1,839,071</u>	<u>\$ 300,242</u>
Assets available to pay claims at September 30, 2002	<u>\$ 961,828</u>	<u>\$ 1,527,085</u>

The City's third-party claims administrator develops the City's reserves, including estimates for claims incurred but not reported. Administrative officials have reviewed the reserve estimates and consider them fairly stated. Additionally, the liability has been actuarially evaluated and found to be reasonable.

In addition to claims paid, a total of \$1,041,787 was paid for insurance premiums and \$223,867 for administrative costs.

**NOTE 15: SEGMENT INFORMATION - ENTERPRISE FUNDS**

The City maintains two enterprise funds. The Water and Sewer Fund accounts for the provision of basic utility services to all citizens. The Joseph T. Jones Fund accounts for the operations of the small craft harbor and various other facilities within the Joseph T. Jones Park. Selected segment information for the year ended September 30, 2002, is as follows:

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 15: SEGMENT INFORMATION - ENTERPRISE FUNDS (Continued)**

	Water and Sewer	Joseph T. Jones	Total
Operating revenue	\$ 18,490,835	\$ 401,384	\$ 18,892,219
Depreciation	2,693,643	49,692	2,743,335
Operating income (loss)	351,868	60,198	412,066
Interest income	199,319	6,498	205,817
Interest expense	3,054,910	-	3,054,910
Assets from developers	1,430,604	-	1,430,604
Net income (loss)	(1,073,119)	66,696	(1,006,423)
Fixed asset additions	2,040,427	(5,257)	2,035,170
Net working capital	3,524,959	502,078	4,027,037
Total assets	81,770,249	1,519,599	83,289,848
Bonds payable	58,265,000	-	58,265,000
Notes payable	5,666,582	-	5,666,582
Total equity	15,698,894	1,489,738	17,188,632

**NOTE 16: COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

**(A) Status of Grants**

The City receives annual entitlement grants from the Department of Housing and Urban Development Community Block Grant Program. The following represents the status of grant awards at September 30, 2002:

Grant Number	Award Amount	Funds Drawn and Expended*	Balance of Award
B-98-MC-28-0002	\$ 1,004,000	\$ 1,004,000	\$ -
B-99-MC-28-0002	1,010,000	1,010,000	-
B-00-MC-28-0002	1,004,000	1,004,000	-
B-01-MC-28-0002	1,037,000	722,410	314,590
B-02-MC-28-0002	<u>1,031,000</u>	<u>-</u>	<u>1,031,000</u>
Totals	<u>\$ 5,086,000</u>	<u>\$ 3,740,410</u>	<u>\$ 1,345,590</u>

**(B) Section 108 Loan/Economic Development**

In 1988, the City obtained a Section 108 loan from the Department of Housing and Urban Development (HUD) in the amount of \$1,000,000. Proceeds of the loan were used for the acquisition of 158 acres of property in connection with the City's Urban Development Project. Although the loan has since been repaid, program income from the sale of parcels of the property is required to be used for property improvements in connection with the project.

In 1989, approximately 22 acres of the property was sold to a developer for the construction of a new Food World grocery store. The project was completed in fiscal year 1994. A loan was issued to the developer in the amount of \$1,000,000 with interest to accrue over the first four years of the project. The note is to be repaid over twenty years and bears an average interest rate of 3.75%. The accrued interest of \$115,065 was added to the principal balance in 1994. The outstanding balance on the note at September 30, 2002 totaled \$945,118.

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 16: COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (Continued)**

During fiscal year ending September 30, 2000, the City entered into an agreement to lend a developer \$600,000 under an Urban Development Action Grant (UDAG) from the United States Department of Housing and Urban Development (HUD). The term of the loan is 15 years, bearing an interest rate of 0% for the first 5 years and 4% for the remaining years. No payments are required for the first five years, with equal monthly installments due over the next 15 years. The outstanding balance on the note at September 30, 2002 totaled \$600,000.

During 1995, the City received \$1,650,701 from the sale of 116 acres of the remaining property. The City incurred \$1,468,868 of infrastructure improvements through September 30, 1996, and an additional \$193,833 in fiscal year 1997. No amounts were spent in fiscal year 2002.

**(C) Loan Programs**

Under the CDBG Program, the City makes installment and deferred loans to eligible homeowners and other eligible parties. These loan programs have been described at Note 5.

**NOTE 17: OTHER COMMITMENTS AND CONTINGENCIES**

**(A) Federal Grants**

In the normal course of operations, the City receives grant funds from various Federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as the result of these audits, is not believed to be material.

**(B) Contract Commitments**

*Construction Contracts*

The following significant contracts were outstanding at September 30, 2002.

Infrastructure Projects	Contract Amount	Expended at 9/30/02	Outstanding Commitment
Bel-Aire Drainage Improvements	\$ 575,254	\$ 390,190	\$ 185,064
Dedeaux Road Drainage Improvements	206,829	24,181	182,648
Hardy Avenue Drainage Improvements	119,651	-	119,651
5 <sup>th</sup> Ave./Gulf Ave. Drainage Improvements	518,516	40,415	478,101
Central Gulfport Improvements	137,419	-	137,419
Flat Branch Repairs	<u>447,684</u>	<u>229,724</u>	<u>217,960</u>
	<u>\$ 2,005,353</u>	<u>\$ 684,510</u>	<u>\$ 1,320,843</u>

*Service Contracts*

In February 1999, the City entered into a service contract with OPTECH, Inc. to provide customer billing, maintenance and other services necessary for the proper operation of the City's water facilities, and the management, maintenance and repairs to the City's sewer collection system and lift stations. OPTECH, Inc. is responsible for all labor, chemicals, parts, supplies, etc. The City renewed the contract for four years which calls for annual amounts of \$5,720,022, \$5,891,623, \$6,068,371, and \$6,250,423 for years ending September 30, 2002, 2003, 2004 and 2005, respectively.

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 17: OTHER COMMITMENTS AND CONTINGENCIES (Continued)**

**(C) Litigation**

The City is party to various legal proceedings, which normally occur, in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City. In addition, the City currently has approximately \$1,839,071 accrued in the Claims Contingency Fund for pending or threatened litigation for which unfavorable outcome is considered probable. See Note 14 for the treatment of claims incurred but not reported and other tort liability information.

**NOTE 18: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS**

**I. JOINT VENTURES**

**(1) Harrison County Wastewater and Solid Waste Management District**

The City is a member of the Harrison County Wastewater and Solid Waste Management District (District) which was established by an act of the Mississippi Legislature to provide for adequate wastewater treatment and solid waste disposal services to the citizens of Harrison County, Mississippi. The governing board is comprised of one member from each of the cities and county who are members of the District. Through a fifty-year contract, the City is obligated to pay monthly, its pro-rata share of all operating, administrative, and capital costs of the District. Additionally, the City is jointly and severally liable for all of the liabilities of the District. The District is classified as a joint venture between the City and the other members. The following is a synopsis of the District's financial statements as of and for the year ended September 30, 2002, a complete copy of which is on file at the administrative offices of the District which are located at 14108 Airport Road, Gulfport, Mississippi 39503, or may be obtained by calling (228) 868-8752.

**BALANCE SHEET**

**ASSETS**

Current assets	\$ 2,077,940
Restricted assets	46,700,362
Property, plant and equipment (net)	79,467,131
Deferred charges	<u>4,289,003</u>
Total assets	<u>\$ 132,534,436</u>

**LIABILITIES AND FUND EQUITY**

**LIABILITIES**

Current, unrestricted	\$ 2,069,005
Current, restricted	4,617,337
Long-term liabilities	<u>126,401,290</u>
Total liabilities	133,087,632

**FUND EQUITY**

	(553,196)
Total liabilities and fund equity	<u>\$ 132,534,436</u>

**STATEMENT OF REVENUES AND EXPENSES**

Operating revenues	\$ 13,875,950
Operating expenses	(13,873,983)
Depreciation and amortization	(4,490,456)
Non-operating revenues (expense)	<u>2,717,017</u>
Net loss	<u>\$ (1,771,472)</u>

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 18: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)**

The following financial information concerning transactions with the District have been included in the City's financial statements under the following captions:

Water and Sewer Enterprise Fund

Balance Sheet

Due from other governmental units	\$ <u>90,209</u>
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Statement of Revenues, Expenses and  
Changes in Retained Earnings

Other services and charges (solid waste and wastewater treatment charges)	\$ <u>8,865,259</u>
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**(2) Memorial Hospital At Gulfport (MHG)**

MHG is an acute care, not-for-profit community hospital jointly owned by the City and the Gulfport-West Harrison County Hospital District. It is operated by the Board of Trustees of MHG pursuant to section 41-13-15 et. seq. Mississippi Code of 1972, as amended. MHG is classified as a joint venture between the City and the Gulfport-West Harrison County Hospital District. The following is a synopsis of MHG's financial statements as of and for the year ended September 30, 2001, a complete copy of which is on file at the administrative offices of Memorial Hospital located at 4500 13th Street, Gulfport, Mississippi 39501, or may be acquired by calling (228) 865-3078.

**BALANCE SHEET**

ASSETS

Current assets	\$ 62,405,517
Restricted assets	120,128,571
Property, plant and equipment (net)	130,909,549
Other assets	<u>3,720,461</u>
Total assets	<u>\$ 317,163,098</u>

LIABILITIES AND FUND EQUITY

Current liabilities	\$ 18,592,114
Long-term liabilities	98,496,972
Fund Balance	<u>200,074,012</u>
Total liabilities and fund balance	<u>\$ 317,163,098</u>

**STATEMENT OF REVENUES AND EXPENSES**

Operating revenues	\$ 248,826,036
Operating expenses	(239,516,622)
Non-operating revenues	<u>1,829,629</u>
Net income	<u>\$ 11,139,043</u>

The City has no transactions with MHG that are included in the City's financial statements. All general obligation bonds issued on behalf of Memorial Hospital were paid off during the prior fiscal year. See Note 8(A)8 for additional information pertaining to conduit debt issued for Memorial Hospital.

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 18: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**II. JOINTLY GOVERNED ORGANIZATIONS**

**(1) Harrison County Library System**

On May 18, 1976, the City entered into an agreement with the Board of Trustees of the Gulfport Public Library, the City of Biloxi, the Board of Supervisors of Harrison County, the Board of Trustees of the Gulfport-Harrison County Library, the City of Pass Christian, and the Board of Trustees of the Pass Christian Public Library to mutually cooperate in securing a more economical public library system through combined resources, interests, materials and facilities to be known as the Harrison County Library System. There are no specific monetary terms in the agreement. However, a budget is approved every year by the County Library Board that stipulates the amount of funds needed from the participating municipalities and various other funding sources. The City contributed \$489,752 for the year ended September 30, 2002. This agreement is cancelable upon 60 days written notice prior to the end of the fiscal year.

**(2) Gulfport-Biloxi Regional Airport Authority**

The Gulfport-Biloxi Regional Airport Authority was chartered on August 25, 1977, and assumed control of the Airport on October 1, 1977. The authority is comprised of one appointee each from the local governmental units of the City of Gulfport, the City of Biloxi, and Harrison County. These governmental units have agreed to subsidize the Airport annually, if necessary. During the past fiscal year, the City provided \$115,000 to the Gulfport-Biloxi Regional Airport in order to assist in the operation of the facility.

**NOTE 19: RETIREMENT PLANS**

The City participates in two retirement systems administered by the Public Employees' Retirement System of Mississippi (PERS). Both systems are defined benefit plans and include a multi-employer; cost-sharing pension plan and an agent multi-employer pension plan as described below:

**(A) Public Employees' Retirement System**

**1. Plan Description and Provisions**

Substantially all of the City's full-time employees participate in PERS, a multi-employer, cost-sharing, defined benefit public employee pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444 PERS.

**2. Description of Funding Policy**

PERS members are required to contribute 7.25% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for the years ending September 30, 2002, 2001 and 2000 were \$1,970,793, \$1,869,238, and \$1,729,519, respectively, equal to the required contributions for each year

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 19: RETIREMENT PLANS (Continued)**

**3. Trend Information**

Ten-year historical trend information showing PERS' progress in accumulating sufficient assets to pay benefits when due is presented in the PERS June 30, 2002 financial report.

**(B) Disability and Relief-Municipal Retirement Systems Pension Plan**

**1. General**

The City contributes to the Municipal Retirement Systems' Fire and Police Disability and Relief Funds (MRS), an agent multiple-employer defined benefit pension plan administered by the Public Employees' Retirement System of Mississippi. MRS provides retirement and disability benefits and death benefits to plan members and beneficiaries. At September 30, 2002, the date of the most recent actuarial verification available, the MRS are composed of 19 separate municipal retirement and fire and police disability and relief systems. PERS issues a publicly available financial report that includes financial statements and required supplementary information for MRS. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

**2. Membership and Benefit Provision**

Membership in the Fire and Police Disability and Relief Systems was granted to all City uniformed police officers and fire fighters who were not already members of PERS and who were hired prior to July 1, 1976. Employees hired after July 1, 1976 automatically become members of PERS. MRS were fully closed to new members July 1, 1976. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a refund of employee contributions.

Participating employees who retire regardless of age with at least 20 years of credited service are entitled to an annual retirement allowance payable monthly for life, in an amount equal to 50 percent of their average monthly compensation and an additional 1.7 percent for each year of credited service over 20 years not to exceed 66-2/3 percent of average monthly compensation. Average monthly compensation is the monthly average for the last six months of service. The City provides a minimum monthly retirement allowance of \$500 under the MRS. Benefits vest upon reaching 20 years of credited service. MRS also provide certain death and disability benefits. Benefit provisions are established by Sections 21-29, Articles 1, 3, 5 and 7, Mississippi Code Annotated (1972) and annual local and private legislation. Statutes may be amended only by the state legislature.

**3. Actuarial Asset Valuation**

An actuarial valuation of MRS is required to be performed at least once in each four-year period as of September 30, with the most recent being September 30, 2002. The MRS has an actuarial valuation performed annually. Valuations may be affected by changes in actuarial assumptions and changes in benefit provisions since the preceding valuation.

**4. Funding Policy and Annual Pension Costs**

Contribution provisions for MRS are established by state statute, annual local and private legislation and may be amended only by the state legislature.

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 19: RETIREMENT PLANS (Continued)**

The following table provides information concerning funding:

Contribution rates:	
City	1.23 mills
Plan members	8%
Actuarial cost method	
Amortization method	Entry age
Remaining amortization period	Level dollar, closed
Asset valuation method	33.0 years
	5 year smoothed market
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases *	6.00%
Additional projected salary increases **	2.00%

\* Compounded annually and attributable to inflation.

\*\* Compounded annually and attributable to seniority/merit.

During the year ended September 30, 2002, contributions totaling \$1,102,242 (\$1,048,009 employer and \$54,233 employee) were made in accordance with contribution requirements determined by the actuarial valuation of the system as of September 30, 2001. The employer contributions consisted of \$50,066 for normal cost and administrative expenses and \$997,943 for amortization of the unfunded actuarial accrued liability.

The annual required contribution (ARC) for the 2001/2002 and the 2002/2003 fiscal years based upon the respective valuations as of September 30, 2001 and September 30, 2002 are as follows:

	<u>2001/2002</u>	<u>2002/2003</u>
Normal	\$ 50,006	\$ 44,255
Accrued liability	<u>679,806</u>	<u>679,733</u>
Total	<u>\$ 729,872</u>	<u>\$ 723,988</u>

Summary of Principal Results (amounts in thousands)

	<u>September 30, 2001</u>	<u>September 30, 2000</u>
Assets		
Market related actuarial value	\$ 10,627	\$ 9,893
Market value	10,005	11,012
Unfunded employer liability	\$ 8,129	\$ 7,532
Unfunded employer liability payment period	19 years	20 years

**5. Three-Year Trend Information**

The following table provides an analysis of funding progress for the last three fiscal years (amounts expressed in thousands):

**CITY OF GULFPORT, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2002**

**NOTE 19: RETIREMENT PLANS (Continued)**

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation (NPO)</u>
9/30/99	847	101.2%	\$ (10)
9/30/00	765	105.2%	(40)
9/30/01	697	153.0%	(366)
9/30/02	729	199.5%	(726)

A reconciliation of the Net Pension Obligation Activity from September 30, 2001 to September 30, 2002 is as follows:

<u>Fiscal Year End 2001</u>	
Negative Net Pension Obligation 2000	\$ 40,000
Interest Earned	15,600
Contributions 2001	1,007,110
Annual Required Contribution	(697,027)
Negative Net Pension Obligation 2001	<u>\$ 365,683</u>
<u>Fiscal Year End 2002</u>	
Negative Net Pension Obligation 2001	\$ 365,683
Interest Earned	41,980
Contributions 2002	1,048,009
Annual Required Contribution	(729,872)
Negative Net Pension Obligation 2002	<u>\$ 725,800</u>

**(C) Deferred Compensation Plan**

The Mississippi Public Employees' Retirement System (PERS) offers the City's employees voluntary participation in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Effective January 1, 1997, the Plan was amended by the State in accordance with the provisions of IRC Section 457(g). On that date, assets of the Plan were placed in trust by the State for the exclusive benefit of participants and their beneficiaries. The requirements of that IRC Section prescribe that the assets are no longer subject to the claims of the City's general creditors. Accordingly, the assets and the liabilities for the compensation deferred by plan participants were removed from the City's financial statements during the year ended September 30, 1997. As of September 30, 2002 and 2001, assets held by PERS for participants employed by the City of Gulfport, Mississippi approximated \$1,321,683 and \$1,231,345, respectively.

**NOTE 20: SUBSEQUENT EVENTS**

The following occurred subsequent to year-end.

In November, 2002 the City directed the sale of General Obligation Refunding Bonds, Series 2002, in the amount of \$9,580,000, for the purpose of refunding outstanding General Obligation Bonds, Series 1993, dated March 1, 1993, in the original principal amount of \$14,455,000.

In December 2002, the City agreed to purchase water and sewer assets and franchise certificates from Superior Utilities, Inc., for \$700,000.

In January 2003, the City declared the intentions to issue General Obligation Bonds, Series 2003, in the principal amount of \$5,000,000, to raise money for the purpose of constructing, improving or paving streets, sidewalks, driveways, parkways, walkways or public parking facilities and purchasing land therefore; repairing, improving and extending the storm and drainage systems; and purchasing fire-fighting equipment and apparatus.

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# REQUIRED SUPPLEMENTARY INFORMATION





**CITY OF GULFPORT, MISSISSIPPI**  
**MISSISSIPPI MUNICIPAL RETIREMENT SYSTEM (MMRS)**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**ANALYSIS OF FUNDING PROGRESS**  
(Amounts Expressed in Thousands)

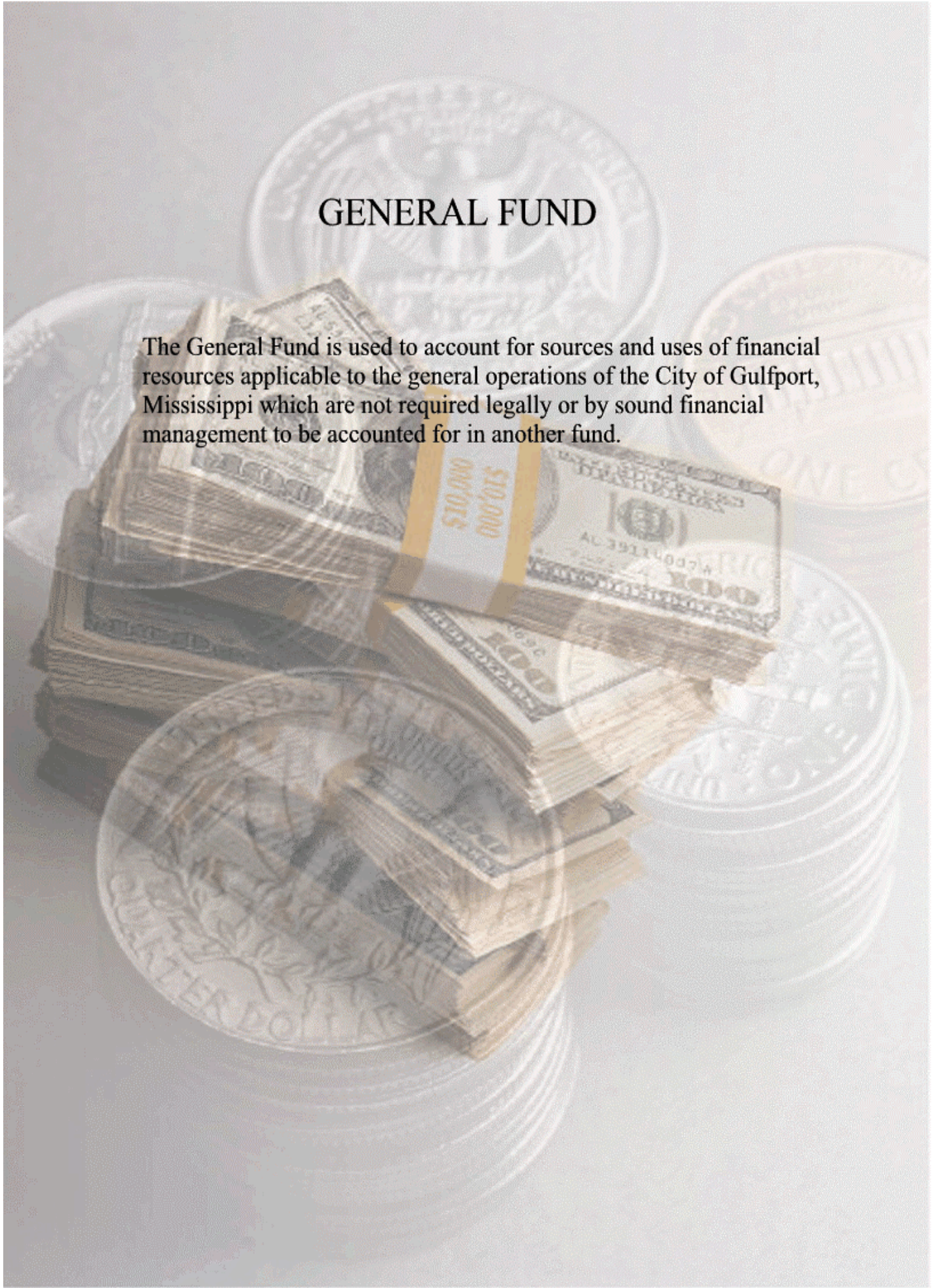
Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) Entry Age ( b )	Unfunded AAL (UAAL) ( b-a )	Funded Ratio ( a/b )	Annual Covered Payroll ( c )	Unfunded AAL as a Percentage of Covered Payroll (( b-a ) /c )
9/30/98	\$ 8,012	\$ 17,172	\$ 9,160	46.7%	\$ 777	1178.9%
9/30/99	8,997	17,120	8,123	52.6%	747	1087.4%
9/30/00	9,893	17,425	7,532	56.8%	740	1017.8%
9/30/01	10,627	18,601	7,974	57.1%	694	1149.0%

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability, or unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the City of Gulfport's funded status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. The unfunded actuarial accrued liability and the annual covered payroll are both affected by inflation. Usually expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan. However, for closed plans such as this one, this figure is highly misleading and should be ignored.

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## GENERAL FUND

The General Fund is used to account for sources and uses of financial resources applicable to the general operations of the City of Gulfport, Mississippi which are not required legally or by sound financial management to be accounted for in another fund.



**CITY OF GULFPORT, MISSISSIPPI  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>		
Pooled cash and cash equivalents	\$ 9,011,808	\$ 9,411,958
Non-pooled cash and cash equivalents	188,626	187,301
Investments	-	-
Receivables:		
Property taxes	-	5,906
Sales taxes	1,411,929	1,367,460
Franchise taxes	741,993	690,402
Gaming fees	383,690	353,995
Privilege licenses	145,736	167,893
Other	291,695	392,166
Due from other funds	234,069	1,630,721
Due from other governments	<u>1,055,986</u>	<u>1,193,016</u>
Total assets	<u><u>\$ 13,465,532</u></u>	<u><u>\$ 15,400,818</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 571,780	\$ 873,532
Accrued wages payable	871,121	766,985
Due to other funds	-	-
Due to other governments	70,124	73,773
Deferred revenue	99,909	343,962
Performance bonds payable	-	8,822
Other liabilities	<u>221,438</u>	<u>64,175</u>
Total liabilities	<u>1,834,372</u>	<u>2,131,249</u>
 <b>FUND BALANCE</b>		
Reserved for encumbrances	895,931	1,396,056
Restricted funds - donor imposed	100,000	100,000
Unreserved:		
Designated for subsequent year expenditures	1,768,827	5,262,037
Undesignated	<u>8,866,402</u>	<u>6,511,476</u>
Total fund balance	<u>11,631,160</u>	<u>13,269,569</u>
Total liabilities and fund balance	<u><u>\$ 13,465,532</u></u>	<u><u>\$ 15,400,818</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**GENERAL FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b>REVENUES</b>		
Taxes:		
Property	\$ 10,860,923	\$ 10,414,139
Sales	16,477,168	16,240,569
Franchise	2,771,117	2,792,375
Gaming	4,398,189	4,240,693
Licenses and permits	1,092,235	1,186,681
Intergovernmental	3,672,874	3,190,155
Charges for services	1,021,234	998,439
Fines and forfeits	1,937,707	2,206,049
Interest	183,222	470,612
Sale of cemetery lots	27,700	17,100
Miscellaneous	260,192	166,960
Total revenues	<u>42,702,561</u>	<u>41,923,772</u>
<b>EXPENDITURES</b>		
Current:		
General government	6,954,607	6,145,478
Public safety	24,563,284	26,409,897
Public works	7,027,410	6,517,174
Economic development	85,540	92,094
Culture and recreation	4,177,100	4,056,744
Debt service:		
Principal	-	-
Interest	-	-
Total expenditures	<u>42,807,941</u>	<u>43,221,387</u>
Excess of revenues over expenditures	<u>(105,380)</u>	<u>(1,297,615)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	12,401	241,212
Transfers out	(1,607,138)	(2,624,100)
Loan proceeds	-	-
Sale of general fixed assets	61,708	-
Total other financing sources (uses)	<u>(1,533,029)</u>	<u>(2,382,888)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(1,638,409)	(3,680,503)
Fund balance - October 1	<u>13,269,569</u>	<u>16,950,072</u>
Fund balance - September 30	<u>\$ 11,631,160</u>	<u>\$ 13,269,569</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**GENERAL FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001**

	2002			2001		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES</b>						
Taxes:						
Property	\$ 10,773,348	\$ 10,860,923	\$ 87,575	\$ 10,461,827	\$ 10,414,139	\$ (47,688)
Sales	17,300,000	16,477,168	(822,832)	17,000,000	16,240,569	(759,431)
Franchise	2,300,000	2,771,117	471,117	2,300,000	2,792,375	492,375
Gaming	4,260,000	4,398,189	138,189	4,050,000	4,240,693	190,693
Licenses and permits	1,323,000	1,092,235	(230,765)	1,337,100	1,186,681	(150,419)
Intergovernmental	3,732,329	3,672,874	(59,455)	3,113,491	3,190,155	76,664
Charges for services	1,064,237	1,021,234	(43,003)	762,989	998,439	235,450
Fines and forfeits	2,400,000	1,937,707	(462,293)	2,060,000	2,206,049	146,049
Interest	401,291	183,222	(218,069)	400,000	470,612	70,612
Sale of cemetery lots	18,000	27,700	9,700	18,000	17,100	(900)
Miscellaneous	95,540	260,192	164,652	55,831	166,960	111,129
Total revenues	43,667,745	42,702,561	(965,184)	41,559,238	41,923,772	364,534
<b>EXPENDITURES</b>						
Current:						
General government						
Personnel services	3,513,036	4,309,432	(796,396)	2,995,656	3,884,469	(888,813)
Supplies	223,201	208,285	14,916	185,926	206,978	(21,052)
Other services	2,766,926	1,731,216	1,035,710	2,521,557	2,022,618	498,939
Capital outlay	1,337,919	705,674	632,245	522,216	31,413	490,803
Total	7,841,082	6,954,607	886,475	6,225,355	6,145,478	79,877
Police						
Personnel services	13,175,513	12,113,054	1,062,459	12,730,781	11,641,808	1,088,973
Supplies	1,621,714	1,390,364	231,350	1,560,496	1,367,135	193,361
Other services	1,792,461	1,445,807	346,654	2,119,049	1,500,937	618,112
Capital outlay	388,375	343,620	44,755	2,406,500	1,846,105	560,395
Total	16,978,063	15,292,845	1,685,218	18,816,826	16,355,985	2,460,841
Fire						
Personnel services	8,260,119	8,134,585	125,534	8,111,138	7,998,333	112,805
Supplies	311,354	306,149	5,205	374,974	372,953	2,021
Other services	273,038	244,758	28,280	242,669	230,103	12,566
Capital outlay	407,787	584,947	(177,160)	2,208,943	1,452,523	756,420
Total	9,252,298	9,270,439	(18,141)	10,937,724	10,053,912	883,812
Public Works						
Personnel services	1,613,254	1,477,550	135,704	2,584,365	1,280,819	1,303,546
Supplies	1,425,213	1,396,851	28,362	1,579,517	4,005,648	(2,426,131)
Other services	4,237,286	4,097,972	139,314	3,750,855	1,032,632	2,718,223
Capital outlay	296,116	55,037	241,079	235,121	198,075	37,046
Total	7,571,869	7,027,410	544,459	8,149,858	6,517,174	1,632,684
Economic Development						
Personnel services	1,108,239	51,500	1,056,739	106,970	61,720	45,250
Supplies	29,405	3,731	25,674	7,365	1,893	5,472
Other services	262,538	30,309	232,229	28,943	28,481	462
Capital outlay	32,564	-	32,564	-	-	-
Total	1,432,746	85,540	1,347,206	143,278	92,094	51,184

(Continued)

**CITY OF GULFPORT, MISSISSIPPI  
GENERAL FUND**

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001**

	2002			2001		
	Budget	Actual	Variance	Budget	Actual	Variance
Culture & Recreation						
Personnel services	3,163,258	2,950,816	212,442	2,849,920	2,720,223	129,697
Supplies	459,452	440,231	19,221	447,540	432,224	15,316
Other services	680,959	705,955	(24,996)	683,715	661,523	22,192
Capital outlay	185,624	80,098	105,526	400,685	242,774	157,911
Total	<u>4,489,293</u>	<u>4,177,100</u>	<u>312,193</u>	<u>4,381,860</u>	<u>4,056,744</u>	<u>325,116</u>
Debt Service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>47,565,351</u>	<u>42,807,941</u>	<u>4,757,410</u>	<u>48,654,901</u>	<u>43,221,387</u>	<u>5,433,514</u>
Excess (deficit) of revenues over expenditures	<u>(3,897,606)</u>	<u>(105,380)</u>	<u>3,792,226</u>	<u>(7,095,663)</u>	<u>(1,297,615)</u>	<u>5,798,048</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	12,401	12,401	-	-	241,212	241,212
Transfers out	(1,847,138)	(1,607,138)	240,000	(2,822,850)	(2,624,100)	198,750
Loan proceeds	-	-	-	-	-	-
Sale of general fixed assets	<u>-</u>	<u>61,708</u>	<u>61,708</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,834,737)</u>	<u>(1,533,029)</u>	<u>301,708</u>	<u>(2,822,850)</u>	<u>(2,382,888)</u>	<u>439,962</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<u>(5,732,343)</u>	<u>(1,638,409)</u>	<u>4,093,934</u>	<u>(9,918,513)</u>	<u>(3,680,503)</u>	<u>6,238,010</u>
Fund balance - October 1	<u>13,269,569</u>	<u>13,269,569</u>	<u>-</u>	<u>16,950,072</u>	<u>16,950,072</u>	<u>-</u>
Fund balance - September 30	<u>\$ 7,537,226</u>	<u>\$ 11,631,160</u>	<u>\$ 4,093,934</u>	<u>\$ 7,031,559</u>	<u>\$ 13,269,569</u>	<u>\$ 6,238,010</u>

The accompanying notes are an integral part of these financial statements.

# SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Forfeitures and Seizures Fund** - This Fund is used to account for monies seized and forfeited through drug enforcement actions and are specifically restricted for drug enforcement expenditures and other such public safety operations.

**Police Traffic Safety Fund** - This fund is used to account for federal grants legally restricted to the traffic safety programs for which they are provided.

**Community Development Fund** - This fund is primarily used to account for the community development block grant that is funding certain economic development and community revitalization projects in low-income areas within the City's jurisdiction.

**Police and Firemen's Retirement Fund** - This fund is used to account for tax revenues legally restricted for funding the police and firemen's retirement plan. All collections are forwarded to Public Employee's Retirement System (PERS) for a closed fire and police retirement system managed by PERS.

**Library Fund** - This fund is used to account for tax revenues legally restricted to provide funding to the library system.

**Flood Acquisition Program Fund** - This fund is used to account for the purchasing of houses under the Disaster Assistance for Unmet Needs Grants Program.



**CITY OF GULFPORT, MISSISSIPPI  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEETS  
SEPTEMBER 30, 2002**

(With Comparative Totals for September 30, 2001)

	Forfeitures and Seizures	Police Traffic Safety	Community Development	Police and Firemen's Retirement	Library	Flood Acquisition Program	Totals	
							2002	2001
<b>ASSETS</b>								
Pooled cash and cash equivalents	\$ -	\$ 57,311	\$ 368,444	\$ -	\$ -	\$ 334,287	\$ 760,042	\$ 527,095
Non-pooled cash and cash equivalents	74,914	-	-	-	-	-	74,914	10,752
Receivables:								
Taxes	-	-	-	-	-	-	-	677
Grantee loans	-	-	2,424,836	-	-	-	2,424,836	2,501,183
Interest	-	-	-	-	-	-	-	5,236
Due from other governments	-	-	1,368,225	-	-	432,260	1,800,485	5,227,972
Deferred Charges	-	-	-	-	-	98,458	98,458	370,553
Total assets	<u>\$ 74,914</u>	<u>\$ 57,311</u>	<u>\$ 4,161,505</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 865,005</u>	<u>\$ 5,158,735</u>	<u>\$ 8,643,468</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ 10	\$ -	\$ 53,124	\$ -	\$ -	\$ 16	\$ 53,150	\$ 336,585
Due to other funds	-	-	93,754	-	-	-	93,754	1,590,406
Retainage payable	-	-	-	-	-	-	-	7,558
Deferred revenue	-	-	3,825,011	-	-	432,260	4,257,271	6,224,751
Other liabilities	-	-	44,410	-	-	1,563	45,973	11,342
Total liabilities	<u>10</u>	<u>-</u>	<u>4,016,299</u>	<u>-</u>	<u>-</u>	<u>433,839</u>	<u>4,450,148</u>	<u>8,170,642</u>
<b>FUND BALANCES</b>								
Reserved for encumbrances	-	-	59,670	-	-	-	59,670	17,285
Reserved for contract commitments	-	-	-	-	-	-	-	293,040
Unreserved:								
Designated for subsequent								
year expenditures	74,904	57,311	85,536	(0)	(0)	431,166	648,917	162,501
Total fund balances	<u>74,904</u>	<u>57,311</u>	<u>145,206</u>	<u>(0)</u>	<u>(0)</u>	<u>431,166</u>	<u>708,587</u>	<u>472,826</u>
Total liabilities and fund balances	<u>\$ 74,914</u>	<u>\$ 57,311</u>	<u>\$ 4,161,505</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 865,005</u>	<u>\$ 5,158,735</u>	<u>\$ 8,643,468</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**  
(With Comparative Totals for September 30, 2001)

	Forfeitures and Seizures	Police Traffic Safety	Community Development	Police and Firemen's Retirement	Library	Flood Acquisition Program	Totals	
							2002	2001
<b>REVENUES</b>								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ 1,048,102	\$ 489,537	\$ -	\$ 1,537,639	\$ 1,459,565
Intergovernmental	38,054	7,559	2,198,208	-	-	1,525,518	3,769,339	4,520,082
Fines and forfeits	-	-	-	-	-	-	-	45,156
Interest	1,126	1,051	-	-	-	-	2,177	4,386
Miscellaneous	1,100	-	59,305	-	-	145,333	205,738	180,574
Total revenues	40,280	8,610	2,257,513	1,048,102	489,537	1,670,851	5,514,893	6,209,763
<b>EXPENDITURES</b>								
Current:								
General government	-	-	296,452	-	-	-	296,452	163,227
Public safety	41,447	12,873	-	1,048,564	-	-	1,102,884	1,164,421
Economic development	-	-	-	-	-	-	-	-
Health and welfare	-	-	749,581	-	-	-	749,581	365,782
Culture and recreation	-	-	65,273	-	489,752	-	555,025	590,008
Capital outlay	-	-	1,335,505	-	-	2,381,741	3,717,246	4,743,412
Debt service:								
Other	-	-	-	-	-	-	-	-
Total expenditures	41,447	12,873	2,446,811	1,048,564	489,752	2,381,741	6,421,188	7,026,850
Excess (deficit) of revenues over expenditures	(1,167)	(4,263)	(189,298)	(462)	(215)	(710,890)	(906,295)	(817,087)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	417,631	417,631	141,754
Transfers out	-	-	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	724,425	724,425	899,367
Bond proceeds	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	1,142,056	1,142,056	1,041,121
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	(1,167)	(4,263)	(189,298)	(462)	(215)	431,166	235,761	224,034
Fund balances - October 1	76,071	61,574	334,504	462	215	-	472,826	248,792
Fund balances - September 30	\$ 74,904	\$ 57,311	\$ 145,206	\$ (0)	\$ (0)	\$ 431,166	\$ 708,587	\$ 472,826

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001**

<b>FORFEITURES AND SEIZURES FUND</b>						
	2002			2001		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES</b>						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	38,054	38,054	-	-	-
Fines and forfeits	-	-	-	61,867	45,156	(16,711)
Interest	-	1,126	1,126	-	2,339	2,339
Miscellaneous	-	1,100	1,100	-	150	150
Total revenues	-	40,280	40,280	61,867	47,645	(14,222)
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	102,124	41,447	60,677	137,456	88,502	48,954
Economic development	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Other	-	-	-	-	-	-
Total expenditures	102,124	41,447	60,677	137,456	88,502	48,954
Excess (deficit) of revenues over expenditures	(102,124)	(1,167)	100,957	(75,589)	(40,857)	34,732
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	(102,124)	(1,167)	100,957	(75,589)	(40,857)	34,732
Fund balance - October 1	76,071	76,071	-	116,928	116,928	-
Fund balance - September 30	\$ (26,053)	\$ 74,904	\$ 100,957	\$ 41,339	\$ 76,071	\$ 34,732

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001**

<b>POLICE TRAFFIC SAFETY FUND</b>						
	2002			2001		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES</b>						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental		7,559	7,559	21,660	18,444	(3,216)
Fines and forfeits	-	-	-	-	-	-
Interest	-	1,051	1,051	-	2,047	2,047
Miscellaneous	-	-	-	-	-	-
Total revenues	-	8,610	8,610	21,660	20,491	(1,169)
<b>EXPENDITURES</b>						
Current						
General government	-	-	-	-	-	-
Public safety	14,656	12,873	1,783	20,895	19,239	1,656
Economic development	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Other	-	-	-	-	-	-
Total expenditures	14,656	12,873	1,783	20,895	19,239	1,656
Excess (deficit) of revenues over expenditures	(14,656)	(4,263)	10,393	765	1,252	487
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Loan Proceeds	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	(14,656)	(4,263)	10,393	765	1,252	487
Fund balance - October 1	61,574	61,574	-	60,322	60,322	-
Fund balance - September 30	\$ 46,918	\$ 57,311	\$ 10,393	\$ 61,087	\$ 61,574	\$ 487

<b>COMMUNITY DEVELOPMENT FUND</b>					
2002			2001		
Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,895,611	2,198,208	(3,697,403)	4,586,467	917,949	(3,668,518)
-	-	-	-	-	-
-	-	-	-	-	-
-	59,305	59,305	-	148,385	148,385
5,895,611	2,257,513	(3,638,098)	4,586,467	1,066,334	(3,520,133)
672,595	296,452	376,143	294,022	163,227	130,795
-	-	-	-	-	-
-	-	-	24,553	-	24,553
2,668,710	749,581	1,919,129	1,733,211	365,782	1,367,429
119,582	65,273	54,309	115,172	96,120	19,052
2,375,573	1,335,505	1,040,068	2,258,748	390,318	1,868,430
-	-	-	-	-	-
5,836,460	2,446,811	3,389,649	4,425,706	1,015,447	3,410,259
59,151	(189,298)	(248,449)	160,761	50,887	(109,874)
240,000	-	(240,000)	-	141,754	141,754
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
240,000	-	(240,000)	-	141,754	141,754
299,151	(189,298)	(488,449)	160,761	192,641	31,880
334,504	334,504	-	141,863	141,863	-
\$ 633,655	\$ 145,206	\$ (488,449)	\$ 302,624	\$ 334,504	\$ 31,880

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001**

<b>POLICE AND FIREMEN'S RETIREMENT FUND</b>						
	2002			2001		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES</b>						
Taxes:						
Property	\$ 996,318	\$ 1,048,102	\$ 51,784	\$ 986,526	\$ 994,717	\$ 8,191
Intergovernmental	32,049	-	(32,049)	30,502	31,238	736
Fines and forfeits	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>1,028,367</u>	<u>1,048,102</u>	<u>19,735</u>	<u>1,017,028</u>	<u>1,025,955</u>	<u>8,927</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	1,028,367	1,048,564	(20,197)	1,017,028	1,056,680	(39,652)
Economic development	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Other	-	-	-	-	-	-
Total expenditures	<u>1,028,367</u>	<u>1,048,564</u>	<u>(20,197)</u>	<u>1,017,028</u>	<u>1,056,680</u>	<u>(39,652)</u>
Excess (deficit) of revenues over expenditures	<u>-</u>	<u>(462)</u>	<u>(462)</u>	<u>-</u>	<u>(30,725)</u>	<u>(30,725)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>(462)</u>	<u>(462)</u>	<u>-</u>	<u>(30,725)</u>	<u>(30,725)</u>
Fund balance - October 1	<u>462</u>	<u>462</u>	<u>-</u>	<u>31,187</u>	<u>31,187</u>	<u>-</u>
Fund balance - September 30	<u>\$ 462</u>	<u>\$ (0)</u>	<u>\$ (462)</u>	<u>\$ 31,187</u>	<u>\$ 462</u>	<u>\$ (30,725)</u>

LIBRARY FUND					
2002			2001		
Budget	Actual	Variance	Budget	Actual	Variance
\$ 466,370	\$ 489,537	\$ 23,167	\$ 462,669	\$ 464,848	\$ 2,179
15,002	-	(15,002)	12,331	14,603	2,272
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
481,372	489,537	8,165	475,000	479,451	4,451
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
481,372	489,752	(8,380)	475,000	493,888	(18,888)
-	-	-	-	-	-
-	-	-	-	-	-
481,372	489,752	(8,380)	475,000	493,888	(18,888)
-	(215)	(215)	-	(14,437)	(14,437)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(215)	(215)	-	(14,437)	(14,437)
215	215	-	14,652	14,652	-
\$ 215	\$ (0)	\$ (215)	\$ 14,652	\$ 215	\$ (14,437)

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**CITY OF GULFPORT, MISSISSIPPI**  
**SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001**

<b>FLOOD ACQUISITION PROGRAM</b>						
	2002			2001		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES</b>						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	1,525,518	1,525,518	5,285,250	3,537,848	(1,747,402)
Fines and forfeits	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Miscellaneous	-	145,333	145,333	115,500	32,039	(83,461)
Total revenues	-	1,670,851	1,670,851	5,400,750	3,569,887	(1,830,863)
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Public Works						
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	7,809,554	2,381,741	5,427,813	6,637,400	4,353,094	2,284,306
Debt service:	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total expenditures	7,809,554	2,381,741	5,427,813	6,637,400	4,353,094	2,284,306
Excess (deficit) of revenues over expenditures	(7,809,554)	(710,890)	7,098,664	(1,236,650)	(783,207)	453,443
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	417,631	417,631	78,750	-	(78,750)
Transfers out	-	-	-	-	-	-
Loan proceeds		724,425	724,425	1,683,000	899,367	(783,633)
Bond proceeds	-	-	-	-	-	-
Total other financing sources (uses)	-	1,142,056	1,142,056	1,761,750	899,367	(862,383)
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	(7,809,554)	431,166	8,240,720	525,100	116,160	(408,940)
Fund balance - October 1	-	-	-	(116,160)	(116,160)	-
Fund balance - September 30	\$ (7,809,554)	\$ 431,166	\$ 8,240,720	\$ 408,940	\$ -	\$ (408,940)

**TOTAL SPECIAL REVENUE FUNDS**

2002			2001		
Budget	Actual	Variance	Budget	Actual	Variance
\$ 1,462,688	\$ 1,537,639	\$ 74,951	\$ 1,449,195	\$ 1,459,565	\$ 10,370
5,942,662	3,769,339	(2,173,323)	9,936,210	4,520,082	(5,416,128)
-	-	-	61,867	45,156	(16,711)
-	2,177	2,177	-	4,386	4,386
-	205,738	205,738	115,500	180,574	65,074
<u>7,405,350</u>	<u>5,514,893</u>	<u>(1,890,457)</u>	<u>11,562,772</u>	<u>6,209,763</u>	<u>(5,353,009)</u>
672,595	296,452	376,143	294,022	163,227	130,795
1,145,147	1,102,884	42,263	1,175,379	1,164,421	10,958
-	-	-	24,553	-	24,553
2,668,710	-	2,668,710	1,733,211	365,782	1,367,429
600,954	749,581	(148,627)	590,172	590,008	164
10,185,127	555,025	9,630,102	8,896,148	4,743,412	4,152,736
-	3,717,246	(3,717,246)	-	-	-
-	-	-	-	-	-
<u>15,272,533</u>	<u>6,421,188</u>	<u>8,851,345</u>	<u>12,713,485</u>	<u>7,026,850</u>	<u>5,686,635</u>
<u>(7,867,183)</u>	<u>(906,295)</u>	<u>6,960,888</u>	<u>(1,150,713)</u>	<u>(817,087)</u>	<u>333,626</u>
240,000	417,631	177,631	78,750	141,754	63,004
-	-	-	-	-	-
-	724,425	724,425	1,683,000	899,367	(783,633)
-	-	-	-	-	-
<u>240,000</u>	<u>1,142,056</u>	<u>902,056</u>	<u>1,761,750</u>	<u>1,041,121</u>	<u>(720,629)</u>
(7,627,183)	235,761	7,862,944	611,037	224,034	(387,003)
<u>472,826</u>	<u>472,826</u>	<u>-</u>	<u>248,792</u>	<u>248,792</u>	<u>-</u>
<u>\$ (7,154,357)</u>	<u>\$ 708,587</u>	<u>\$ 7,862,944</u>	<u>\$ 859,829</u>	<u>\$ 472,826</u>	<u>\$ (387,003)</u>

The accompanying notes are an integral part of these financial statements.

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## DEBT SERVICE FUNDS

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the City of Gulfport, Mississippi is obligated in some manner for the payment.



**CITY OF GULFPORT, MISSISSIPPI  
DEBT SERVICE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>		
Pooled cash and cash equivalents	\$ 2,131,943	\$ 1,590,138
Cash with fiscal agent	76,212	75,763
Receivables:		
Taxes	<u>-</u>	<u>1,847</u>
Total assets	<u><u>\$ 2,208,155</u></u>	<u><u>\$ 1,667,748</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ -
Due to other funds	<u>2,041</u>	<u>2,041</u>
Total liabilities	<u>2,041</u>	<u>2,041</u>
 <b>FUND BALANCE</b>		
Reserved for debt service	<u>2,206,114</u>	<u>1,665,707</u>
Total liabilities and fund balance	<u><u>\$ 2,208,155</u></u>	<u><u>\$ 1,667,748</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**DEBT SERVICE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b>REVENUES</b>		
Taxes:		
Property	\$ 3,848,876	\$ 3,978,390
Intergovernmental	581,577	586,258
Charges for services		
Interest	<u>41,560</u>	<u>40,621</u>
Total revenues	<u>4,472,013</u>	<u>4,605,269</u>
<b>EXPENDITURES</b>		
Debt service:		
Principal retirement	2,401,762	1,975,533
Interest	1,617,674	1,617,360
Other	<u>7,190</u>	<u>5,460</u>
Total expenditures	<u>4,026,626</u>	<u>3,598,353</u>
Excess of revenues over expenditures	<u>445,387</u>	<u>1,006,916</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	95,020	-
Transfers out	<u>-</u>	<u>(107,456)</u>
Total other financing sources (uses)	<u>95,020</u>	<u>(107,456)</u>
Excess of revenues and other financing sources over expenditures	540,407	899,460
Fund balance - October 1	<u>1,665,707</u>	<u>766,247</u>
Fund balance - September 30	<u><u>\$ 2,206,114</u></u>	<u><u>\$ 1,665,707</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**DEBT SERVICE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001**

	2002			2001		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES</b>						
Taxes:						
Property	\$ 3,762,766	\$ 3,848,876	\$ 86,110	\$ 3,935,625	\$ 3,978,390	\$ 42,765
Intergovernmental	121,035	581,577	460,542	121,684	586,258	464,574
Charges for services	-	-	-	-	-	-
Interest	-	41,560	41,560	-	40,621	40,621
Total revenues	<u>3,883,801</u>	<u>4,472,013</u>	<u>588,212</u>	<u>4,057,309</u>	<u>4,605,269</u>	<u>547,960</u>
<b>EXPENDITURES</b>						
Debt service:						
Principal	2,032,215	2,401,762	(369,547)	2,167,116	1,975,533	191,583
Interest	1,820,150	1,617,674	202,476	1,705,675	1,617,360	88,315
Other	16,000	7,190	8,810	16,000	5,460	10,540
Total expenditures	<u>3,868,365</u>	<u>4,026,626</u>	<u>(158,261)</u>	<u>3,888,791</u>	<u>3,598,353</u>	<u>290,438</u>
Excess (deficit) of revenues over expenditures	<u>15,436</u>	<u>445,387</u>	<u>429,951</u>	<u>168,518</u>	<u>1,006,916</u>	<u>838,398</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	95,020	95,020	-	6,211	-	(6,211)
Transfers out	-	-	-	-	(107,456)	(107,456)
Total financing sources and (uses)	<u>95,020</u>	<u>95,020</u>	<u>-</u>	<u>6,211</u>	<u>(107,456)</u>	<u>(113,667)</u>
Excess (deficit) of revenues and other financing sources over expenditures	<u>110,456</u>	<u>540,407</u>	<u>429,951</u>	<u>174,729</u>	<u>899,460</u>	<u>724,731</u>
Fund balance - October 1	<u>1,665,707</u>	<u>1,665,707</u>	<u>-</u>	<u>766,247</u>	<u>766,247</u>	<u>-</u>
Fund balance - September 30	<u>\$ 1,776,163</u>	<u>\$ 2,206,114</u>	<u>\$ 429,951</u>	<u>\$ 940,976</u>	<u>\$ 1,665,707</u>	<u>\$ 724,731</u>

The accompanying notes are an integral part of these financial statements.

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# CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

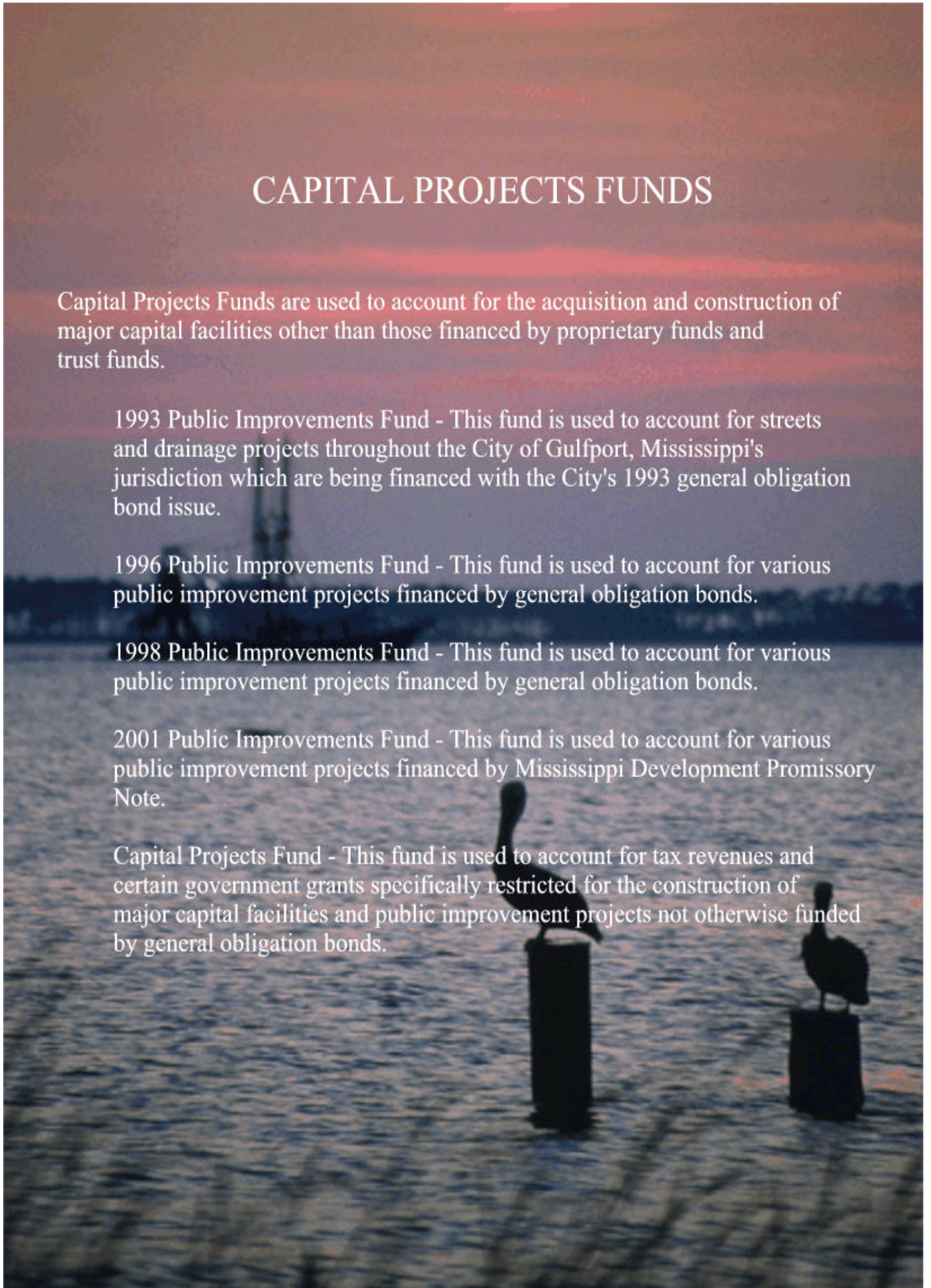
1993 Public Improvements Fund - This fund is used to account for streets and drainage projects throughout the City of Gulfport, Mississippi's jurisdiction which are being financed with the City's 1993 general obligation bond issue.

1996 Public Improvements Fund - This fund is used to account for various public improvement projects financed by general obligation bonds.

1998 Public Improvements Fund - This fund is used to account for various public improvement projects financed by general obligation bonds.

2001 Public Improvements Fund - This fund is used to account for various public improvement projects financed by Mississippi Development Promissory Note.

Capital Projects Fund - This fund is used to account for tax revenues and certain government grants specifically restricted for the construction of major capital facilities and public improvement projects not otherwise funded by general obligation bonds.





**CITY OF GULFPORT, MISSISSIPPI**  
**CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEETS**  
**SEPTEMBER 30, 2002**  
(With Comparative Totals for September 30, 2001)

	1993 Public Improvement	1996 Public Improvement	1998 Public Improvement	2001 Public Improvement	Capital Projects	Totals	
						2002	2001
<b>ASSETS</b>							
Pooled cash and cash equivalents	\$ 1,416,041	\$ 195,330	\$ 131,095	\$ 628,513	\$ 4,008,021	\$ 6,379,000	\$ 7,003,895
Due from other governments	-	-	-	-	961,353	961,353	961,354
Total assets	<u>\$ 1,416,041</u>	<u>\$ 195,330</u>	<u>\$ 131,095</u>	<u>\$ 628,513</u>	<u>\$ 4,969,374</u>	<u>\$ 7,340,353</u>	<u>\$ 7,965,249</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 527	\$ -	\$ 3,938	\$ 332,723	\$ 337,188	\$ 759,199
Retainage payable	-	75,284	-	-	210,733	286,017	536,009
Deferred revenue	-	-	-	-	1,113,959	1,113,959	1,119,340
Total liabilities	<u>-</u>	<u>75,811</u>	<u>-</u>	<u>3,938</u>	<u>1,657,415</u>	<u>1,737,164</u>	<u>2,414,548</u>
<b>FUND BALANCES</b>							
Reserved for encumbrances	6,680	-	-	50,326	26,021	83,027	76,093
Reserved for contract commitments	-	-	-	-	-	-	589,619
Unreserved:							
Designated for subsequent year expenditures	1,409,361	119,519	131,095	574,249	3,285,938	5,520,162	4,884,989
Total fund balances	<u>1,416,041</u>	<u>119,519</u>	<u>131,095</u>	<u>624,575</u>	<u>3,311,959</u>	<u>5,603,189</u>	<u>5,550,701</u>
Total liabilities and fund balances	<u>\$ 1,416,041</u>	<u>\$ 195,330</u>	<u>\$ 131,095</u>	<u>\$ 628,513</u>	<u>\$ 4,969,374</u>	<u>\$ 7,340,353</u>	<u>\$ 7,965,249</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**  
(With Comparative Totals for September 30, 2001)

	1993 Public Improvement	1996 Public Improvement	1998 Public Improvement	2001 Public Improvement	Capital Projects	Totals	
						2002	2001
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ 390,843	\$ -	\$ 698,127	\$ 1,088,970	\$ 1,057,700
Interest	26,767	10,213		891	63,584	101,455	333,313
Miscellaneous	-	-	7,327	-	126,300	133,627	177,403
Total revenues	<u>26,767</u>	<u>10,213</u>	<u>398,170</u>	<u>891</u>	<u>888,011</u>	<u>1,324,052</u>	<u>1,568,416</u>
<b>EXPENDITURES</b>							
Capital outlay							
General government	-	-	-	-	-	-	322,787
Public safety	-	-	-	-	-	-	3,458
Public works	207,476	186,061	500,700	2,772,285	2,278,623	5,945,145	7,342,048
Economic development	-	-	-	-	-	-	-
Culture & recreation	-	-	-	-	-	-	498,957
Total expenditures	<u>207,476</u>	<u>186,061</u>	<u>500,700</u>	<u>2,772,285</u>	<u>2,278,623</u>	<u>5,945,145</u>	<u>8,167,250</u>
Excess (deficit) of revenues over expenditures	<u>(180,709)</u>	<u>(175,848)</u>	<u>(102,530)</u>	<u>(2,771,394)</u>	<u>(1,390,612)</u>	<u>(4,621,093)</u>	<u>(6,598,834)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	267,535	1,407,472	1,675,007	1,458,594
Transfers out	-	(317,829)	(262,691)	-	(12,401)	(592,921)	(430,004)
Loan proceeds	-	-	-	2,975,575	600,000	3,575,575	1,800,633
Sale of general fixed assets	-	-	-	-	15,920	15,920	-
Total other financing sources (uses)	<u>-</u>	<u>(317,829)</u>	<u>(262,691)</u>	<u>3,243,110</u>	<u>2,010,991</u>	<u>4,673,581</u>	<u>2,829,223</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<u>(180,709)</u>	<u>(493,677)</u>	<u>(365,221)</u>	<u>471,716</u>	<u>620,379</u>	<u>52,488</u>	<u>(3,769,611)</u>
Fund balances - October 1	<u>1,596,750</u>	<u>613,196</u>	<u>496,316</u>	<u>152,859</u>	<u>2,691,580</u>	<u>5,550,701</u>	<u>9,320,312</u>
Fund balances - September 30	<u>\$ 1,416,041</u>	<u>\$ 119,519</u>	<u>\$ 131,095</u>	<u>\$ 624,575</u>	<u>\$ 3,311,959</u>	<u>\$ 5,603,189</u>	<u>\$ 5,550,701</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI  
CAPITAL PROJECTS FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001**

<b>1993 PUBLIC IMPROVEMENT FUND</b>						
	2002			2001		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	26,767	26,767	-	41,387	41,387
Miscellaneous	-	-	-	-	-	-
Total revenues	-	26,767	26,767	-	41,387	41,387
<b>EXPENDITURES</b>						
Capital outlay						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	1,619,576	207,476	1,412,100	1,451,136	-	1,451,136
Economic development	-	-	-	-	-	-
Culture & recreation	-	-	-	-	-	-
Total expenditures	1,619,576	207,476	1,412,100	1,451,136	-	1,451,136
Excess (deficit) of revenues over expenditures	(1,619,576)	(180,709)	1,438,867	(1,451,136)	41,387	1,492,523
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-
Sale of general fixed assets	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	(1,619,576)	(180,709)	1,438,867	(1,451,136)	41,387	1,492,523
Fund balance - October 1	1,596,750	1,596,750	-	1,555,363	1,555,363	-
Fund balance - September 30	\$ (22,826)	\$ 1,416,041	\$ 1,438,867	\$ 104,227	\$ 1,596,750	\$ 1,492,523

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001**

<b>1996 PUBLIC IMPROVEMENT FUND</b>						
	2002			2001		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ 91,500	\$ -	\$ (91,500)
Interest	-	10,213	10,213	-	23,766	23,766
Miscellaneous	-	-	-	-	-	-
Total revenues	-	10,213	10,213	91,500	23,766	(67,734)
<b>EXPENDITURES</b>						
Capital outlay						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	334,226	186,061	148,165	677,623	125,567	552,056
Economic development	-	-	-	-	-	-
Culture & recreation	-	-	-	-	-	-
Total expenditures	334,226	186,061	148,165	677,623	125,567	552,056
Excess (deficit) of revenues over expenditures	(334,226)	(175,848)	158,378	(586,123)	(101,801)	484,322
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(317,828)	(317,829)	(1)	-	-	-
Loan proceeds	-	-	-	-	-	-
Sale of general fixed assets	-	-	-	-	-	-
Total other financing sources (uses)	(317,828)	(317,829)	(1)	-	-	-
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	(652,054)	(493,677)	158,377	(586,123)	(101,801)	484,322
Fund balance - October 1	613,196	613,196	-	714,997	714,997	-
Fund balance - September 30	\$ (38,858)	\$ 119,519	\$ 158,377	\$ 128,874	\$ 613,196	\$ 484,322

**1998 PUBLIC IMPROVEMENT FUND**

2002			2001		
Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ 390,843	\$ 390,843	\$ 75,993	\$ 406,741	\$ 330,748
-	-	-	50,000	80,930	30,930
-	7,327	7,327	-	16	16
-	398,170	398,170	125,993	487,687	361,694
-	-	-	-	-	-
-	-	-	-	-	-
886,821	500,700	386,121	3,170,357	3,099,099	71,258
-	-	-	-	-	-
30,520	-	30,520	-	-	-
917,341	500,700	416,641	3,170,357	3,099,099	71,258
(917,341)	(102,530)	814,811	(3,044,364)	(2,611,412)	432,952
-	-	-	134,494	134,494	-
(262,692)	(262,691)	1	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(262,692)	(262,691)	1	134,494	134,494	-
(1,180,033)	(365,221)	814,812	(2,909,870)	(2,476,918)	432,952
496,316	496,316	-	2,973,234	2,973,234	-
\$ (683,717)	\$ 131,095	\$ 814,812	\$ 63,364	\$ 496,316	\$ 432,952

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001**

<b>2001 PUBLIC IMPROVEMENT FUND</b>						
	2002			2001		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ 700,000	\$ -	\$ (700,000)
Interest	-	891	891	-	1,104	1,104
Miscellaneous	-	-	-	-	-	-
Total revenues	-	891	891	700,000	1,104	(698,896)
<b>EXPENDITURES</b>						
Capital outlay	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	5,254,010	2,772,285	2,481,725	8,640,000	2,353,878	6,286,122
Economic development	-	-	-	-	-	-
Culture & recreation	-	-	-	-	-	-
Total expenditures	5,254,010	2,772,285	2,481,725	8,640,000	2,353,878	6,286,122
Excess (deficit) of revenues over expenditures	(5,254,010)	(2,771,394)	2,482,616	(7,940,000)	(2,352,774)	5,587,226
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	267,535	267,535	705,000	705,000	-
Transfers out	-	-	-	-	-	-
Loan proceeds	-	2,975,575	2,975,575	7,235,000	1,800,633	(5,434,367)
Sale of general fixed assets	-	-	-	-	-	-
Total other financing sources (uses)	-	3,243,110	3,243,110	7,940,000	2,505,633	(5,434,367)
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	(5,254,010)	471,716	5,725,726	-	152,859	152,859
Fund balance - October 1	152,859	152,859	-	-	-	-
Fund balance - September 30	\$ (5,101,151)	\$ 624,575	\$ 5,725,726	\$ -	\$ 152,859	\$ 152,859

CAPITAL PROJECTS FUND					
2002			2001		
Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ 698,127	\$ 698,127	\$ 1,715,033	\$ 650,959	\$ (1,064,074)
-	63,584	63,584	150,000	186,126	36,126
-	126,300	126,300	525,074	177,387	(347,687)
-	888,011	888,011	2,390,107	1,014,472	(1,375,635)
138,397	-	138,397	321,004	322,787	(1,783)
72,486	-	72,486	75,943	3,458	72,485
4,682,666	2,278,622	2,404,044	4,786,465	1,763,504	3,022,961
-	-	-	450,000	-	450,000
1,481,987	-	1,481,987	1,011,599	498,957	512,642
6,375,536	2,278,622	4,096,914	6,645,011	2,588,706	4,056,305
(6,375,536)	(1,390,611)	4,984,925	(4,254,904)	(1,574,234)	2,680,670
-	1,407,472	1,407,472	619,100	619,100	-
(12,401)	(12,401)	-	(430,004)	(430,004)	-
-	600,000	600,000	-	-	-
-	15,920	15,920	-	-	-
(12,401)	2,010,991	2,023,392	189,096	189,096	-
(6,387,937)	620,380	7,008,317	(4,065,808)	(1,385,138)	2,680,670
2,691,580	2,691,580	-	4,076,718	4,076,718	-
\$ (3,696,357)	\$ 3,311,960	\$ 7,008,317	\$ 10,910	\$ 2,691,580	\$ 2,680,670

The accompanying notes are an integral part of these financial statements

**CITY OF GULFPORT, MISSISSIPPI**  
**CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001**

	<b>TOTAL CAPITAL PROJECTS FUNDS</b>					
	2002			2001		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ 1,088,970	\$ 1,088,970	\$ 2,582,526	\$ 1,057,700	\$ (1,524,826)
Interest	-	101,455	101,455	200,000	333,313	133,313
Miscellaneous	-	133,627	133,627	525,074	177,403	(347,671)
Total revenues	-	1,324,052	1,324,052	3,307,600	1,568,416	(1,739,184)
<b>EXPENDITURES</b>						
Capital outlay						
General government	138,397	-	138,397	321,004	322,787	(1,783)
Public safety	72,486	-	72,486	75,943	3,458	72,485
Public works	12,777,299	5,945,145	6,832,154	18,725,581	7,342,048	11,383,533
Economic development	-	-	-	450,000	-	450,000
Culture & recreation	1,512,507	-	1,512,507	1,011,599	498,957	512,642
Total expenditures	14,500,689	5,945,145	8,555,544	20,584,127	8,167,250	12,416,877
Excess (deficit) of revenues over expenditures	(14,500,689)	(4,621,093)	9,879,596	(17,276,527)	(6,598,834)	10,677,693
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	1,675,007	1,675,007	1,458,594	1,458,594	-
Transfers out	(592,921)	(592,921)	-	(430,004)	(430,004)	-
Loan proceeds	-	3,575,575	3,575,575	7,235,000	1,800,633	(5,434,367)
Sale of general fixed assets	-	15,920	15,920	-	-	-
Total other financing sources (uses)	(592,921)	4,673,581	5,266,502	8,263,590	2,829,223	(5,434,367)
Deficit of revenues and other financing sources over expenditures and other financing uses	(15,093,610)	52,488	15,146,098	(9,012,937)	(3,769,611)	5,243,326
Fund balance - October 1	5,550,701	5,550,701	-	9,320,312	9,320,312	-
Fund balance - September 30	\$ (9,542,909)	\$ 5,603,189	\$ 15,146,098	\$ 307,375	\$ 5,550,701	\$ 5,243,326

The accompanying notes are an integral part of these financial statements

# ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the City Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City Council has decided that periodic determination of net income is appropriate for accountability purposes.

Joseph T. Jones Park Fund - This fund is used to account for operations, maintenance, and leasing of boat slips and other facilities within the Joseph T. Jones Memorial Park.

Water and Sewer Fund - This fund is used to account for the activities of the Water and Sewer operations of the City of Gulfport, Mississippi.



**CITY OF GULFPORT, MISSISSIPPI**  
**ENTERPRISE FUNDS**  
**COMBINING BALANCE SHEETS**  
**SEPTEMBER 30, 2002**  
(With Comparative Totals for September 30, 2001)

SCHEDULE 5-A

Page 1 of 2

	Joseph T. Jones Park	Water and Sewer	Totals	
			2002	2001
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Pooled cash and cash equivalents	\$ 378,841	\$ 2,612,642	\$ 2,991,483	\$ 4,226,842
Non-pooled cash and cash equivalents	-	500	500	500
Investments	-	435,935	435,935	-
Receivables:				
Accounts, net	153,098	1,429,095	1,582,193	2,395,758
Customer accounts accrued but not billed	-	2,120,386	2,120,386	822,014
Due from other governments	-	90,209	90,209	90,209
	<u>531,939</u>	<u>6,688,767</u>	<u>7,220,706</u>	<u>7,535,323</u>
Total unrestricted current assets				
	<u>531,939</u>	<u>6,688,767</u>	<u>7,220,706</u>	<u>7,535,323</u>
<b>RESTRICTED ASSETS</b>				
Pooled cash and cash equivalents	-	456,752	456,752	-
	<u>-</u>	<u>456,752</u>	<u>456,752</u>	<u>-</u>
<b>PROPERTY, PLANT AND EQUIPMENT</b>				
Land	63,303	149,313	212,616	212,616
Buildings	920,054	139,619	1,059,673	1,059,673
Improvements other than buildings	863,138	78,165,651	79,028,789	76,861,276
Machinery and equipment	20,020	1,097,184	1,117,204	1,227,577
Vehicles	22,864	915,831	938,695	960,665
	<u>1,889,379</u>	<u>80,467,598</u>	<u>82,356,977</u>	<u>80,321,807</u>
Less accumulated depreciation	(901,719)	(22,267,556)	(23,169,275)	(20,425,940)
	<u>987,660</u>	<u>58,200,042</u>	<u>59,187,702</u>	<u>59,895,867</u>
Net property, plant and equipment				
	<u>987,660</u>	<u>58,200,042</u>	<u>59,187,702</u>	<u>59,895,867</u>
<b>OTHER ASSETS</b>				
Cash - Water and Sewer Improvements	-	13,950,637	13,950,637	350,316
Deferred charges	-	2,474,051	2,474,051	2,053,079
	<u>-</u>	<u>2,474,051</u>	<u>2,474,051</u>	<u>2,053,079</u>
Total other assets				
	<u>16,424,688</u>	<u>16,424,688</u>	<u>16,424,688</u>	<u>2,403,395</u>
	<u>16,424,688</u>	<u>16,424,688</u>	<u>16,424,688</u>	<u>2,403,395</u>
<b>Total assets</b>	<u>\$ 1,519,599</u>	<u>\$ 81,770,249</u>	<u>\$ 83,289,848</u>	<u>\$ 69,834,585</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**ENTERPRISE FUNDS**  
**COMBINING BALANCE SHEETS**  
**SEPTEMBER 30, 2002**  
(With Comparative Totals for September 30, 2001)

	Joseph T. Jones Park	Water and Sewer	Totals	
			2002	2001
<b>LIABILITIES AND FUND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
(Payable from current assets)				
Accounts payable	\$ 8,152	\$ 773,854	\$ 782,006	\$ 290,972
Accrued salaries	2,815	1,187	4,002	4,740
Accrued general obligation bond interest payable	-	845,627	845,627	687,341
Compensated absences payable	7,718	6,565	14,283	17,660
Due to other funds	-	38,274	38,274	38,274
Retainage payable	4,000	-	4,000	4,000
Other liabilities	7,176	19,266	26,442	8,039
Bonds payable - current	-	1,060,000	1,060,000	900,000
Notes payable - current	-	419,035	419,035	403,039
Total current liabilities payable from current assets	29,861	3,163,808	3,193,669	2,354,065
<b>CURRENT LIABILITIES</b>				
(Payable from restricted assets)				
Meter deposits	-	455,000	455,000	353,883
<b>LONG-TERM LIABILITIES</b>				
Bonds payable	-	57,205,000	57,205,000	43,265,000
Notes payable - State of Mississippi	-	5,247,547	5,247,547	5,666,582
Total long-term liabilities	-	62,452,547	62,452,547	48,931,582
Total liabilities	29,861	66,071,355	66,101,216	51,639,530
<b>FUND EQUITY</b>				
Contributed capital	-	10,913,082	10,913,082	11,314,360
Retained earnings:				
Reserved for revenue bond indentures	-	4,000	4,000	2,000
Unreserved	1,489,738	4,781,812	6,271,550	6,878,695
Total retained earnings	1,489,738	4,785,812	6,275,550	6,880,695
Total fund equity	1,489,738	15,698,894	17,188,632	18,195,055
Total liabilities and fund equity	\$ 1,519,599	\$ 81,770,249	\$ 83,289,848	\$ 69,834,585

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**ENTERPRISE FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN RETAINED EARNINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**  
(With Comparative Totals for September 30, 2001)

	Joseph T. Jones Park	Water and Sewer	Totals	
			2002	2001
<b>OPERATING REVENUES</b>				
Charges for services	\$ 400,994	\$ 18,490,835	\$ 18,891,829	\$ 16,276,032
Miscellaneous	390	-	390	428
Total operating revenues	<u>401,384</u>	<u>18,490,835</u>	<u>18,892,219</u>	<u>16,276,460</u>
<b>OPERATING EXPENSES</b>				
Personal services	210,044	79,358	289,402	317,306
Contractual services	2,101	3,260,245	3,262,346	2,789,591
Materials and supplies	1,690	1,099,762	1,101,452	1,003,053
Other services and charges	77,606	10,064,206	10,141,812	9,632,372
Depreciation	49,692	2,693,643	2,743,335	2,544,797
Amortization		101,787	101,787	134,017
Bad debts	53	839,966	840,019	727,601
Total operating expenses	<u>341,186</u>	<u>18,138,967</u>	<u>18,480,153</u>	<u>17,148,737</u>
Operating income (loss)	<u>60,198</u>	<u>351,868</u>	<u>412,066</u>	<u>(872,277)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest income	6,498	199,319	205,817	142,713
Interest expense	-	(3,054,910)	(3,054,910)	(2,709,148)
Capital assets provided by developers	-	1,430,604	1,430,604	-
Total nonoperating revenues (expenses)	<u>6,498</u>	<u>(1,424,987)</u>	<u>(1,418,489)</u>	<u>(2,566,435)</u>
Income (loss) before operating transfers	66,696	(1,073,119)	(1,006,423)	(3,438,712)
<b>TRANSFERS FROM OTHER FUNDS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,320,000</u>
Net income (loss)	66,696	(1,073,119)	(1,006,423)	(2,118,712)
Add depreciation on assets acquired with contributed capital	<u>-</u>	<u>401,278</u>	<u>401,278</u>	<u>324,356</u>
Increase (decrease) in retained earnings	66,696	(671,841)	(605,145)	(1,794,356)
Retained earnings - October 1	<u>1,423,042</u>	<u>5,457,653</u>	<u>6,880,695</u>	<u>8,675,051</u>
Retained earnings - September 30	<u>\$ 1,489,738</u>	<u>\$ 4,785,812</u>	<u>\$ 6,275,550</u>	<u>\$ 6,880,695</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**ENTERPRISE FUNDS**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**  
(With Comparative Totals for the Year Ended September 30, 2001)

	Joseph T. Jones Park	Water and Sewer	Totals	
			2002	2001
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 335,569	\$ 17,231,434	\$ 17,567,003	\$ 15,338,909
Other operating receipts	390	-	390	235,174
Cash paid to suppliers	(75,304)	(13,920,869)	(13,996,173)	(13,676,270)
Cash paid to employees	(209,520)	(83,997)	(293,517)	(189,589)
Cash received from customer meter deposits, net	-	101,117	101,117	58,107
	<u>51,135</u>	<u>3,327,685</u>	<u>3,378,820</u>	<u>1,766,331</u>
Net cash provided by (used in) operating activities				
	<u>51,135</u>	<u>3,327,685</u>	<u>3,378,820</u>	<u>1,766,331</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	-	-	1,320,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,320,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	-	(609,823)	(609,823)	(119,604)
Disposition of capital assets	5,257	-	5,257	-
Proceeds from debt issuance	-	15,000,000	15,000,000	-
Bond issue costs	-	(522,759)	(522,759)	-
Principal paid on revenue bond maturities and notes payable	-	(1,303,039)	(1,303,039)	(1,044,212)
Interest paid on bonds and notes payable	-	(2,896,624)	(2,896,624)	(2,723,136)
Proceeds from sale of assets	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used in capital and related financing activities				
	<u>5,257</u>	<u>9,667,755</u>	<u>9,673,012</u>	<u>(3,886,952)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	-	(435,935)	(435,935)	-
Interest received	6,498	199,319	205,817	142,713
Net cash used from investing activities	<u>6,498</u>	<u>(236,616)</u>	<u>(230,118)</u>	<u>142,713</u>
Net increase (decrease) in cash and cash equivalents	62,890	12,758,824	12,821,714	(657,908)
Cash and cash equivalents - October 1	<u>315,951</u>	<u>4,261,707</u>	<u>4,577,658</u>	<u>5,235,566</u>
Cash and cash equivalents - September 30	<u>\$ 378,841</u>	<u>\$ 17,020,531</u>	<u>\$ 17,399,372</u>	<u>\$ 4,577,658</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**ENTERPRISE FUNDS**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**  
(With Comparative Totals for the Year Ended September 30, 2001)

	Joseph T. Jones Park	Water and Sewer	Totals	
			2002	2001
<b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>				
<b>TO NET CASH PROVIDED BY (USED IN) OPERATING</b>				
<b>ACTIVITIES:</b>				
Operating income (loss)	\$ 60,198	\$ 351,868	\$ 412,066	\$ (872,277)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	49,692	2,693,643	2,743,335	2,544,797
Amortization	-	101,787	101,787	134,017
Bad debts	53	839,966	840,019	727,601
(Increase) decrease in assets:				
Accounts receivable	(65,425)	(1,259,401)	(1,324,826)	(937,123)
Due from other governments	-	-	-	234,746
Increase (decrease) in liabilities:				
Accounts payable	2,857	488,177	491,034	(127,502)
Other Liabilities	-	15,167	15,167	-
Meter deposit liability	-	101,117	101,117	58,107
Accrued liabilities	3,760	(4,639)	(879)	3,965
Net cash provided by (used in) operating activities	<u>\$ 51,135</u>	<u>\$ 3,327,685</u>	<u>\$ 3,378,820</u>	<u>\$ 1,766,331</u>
<b>NON-CASH CAPITAL AND RELATED</b>				
<b>FINANCING ACTIVITIES:</b>				
Contributed capital	<u>\$ -</u>	<u>\$ 1,430,604</u>	<u>\$ 1,430,604</u>	<u>\$ 2,218,623</u>

**RECONCILIATION OF CASH AND CASH**  
**EQUIVALENTS PER STATEMENT OF CASH FLOWS**  
**TO THE BALANCE SHEET**

	Other Assets	Restricted Assets	Current Assets	Total	
				2002	2001
Cash and cash equivalents - October 1	\$ -	\$ 350,316	\$ 4,227,342	\$ 4,577,658	\$ 5,235,566
Net increase (decrease)	13,950,637	106,436	(1,235,359)	12,821,714	(657,908)
Cash and cash equivalents - September 30	<u>\$ 13,950,637</u>	<u>\$ 456,752</u>	<u>\$ 2,991,983</u>	<u>\$ 17,399,372</u>	<u>\$ 4,577,658</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**JOSEPH T. JONES MEMORIAL PARK ENTERPRISE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**SEPTEMBER 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Pooled cash and cash equivalents	\$ 378,841	\$ 315,951
Receivables:		
Accounts receivable (net of allowance for uncollectible accounts of \$52,354 and \$48,631 respectively)	<u>153,098</u>	<u>87,726</u>
Total current assets	<u>531,939</u>	<u>403,677</u>
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Land	63,303	63,303
Buildings	920,054	920,054
Improvements other than buildings	863,138	863,138
Machinery and equipment	20,020	25,277
Vehicles	<u>22,864</u>	<u>22,864</u>
	1,889,379	1,894,636
Less accumulated depreciation	<u>(901,719)</u>	<u>(852,027)</u>
Net property, plant and equipment	<u>987,660</u>	<u>1,042,609</u>
Total assets	<u><u>\$ 1,519,599</u></u>	<u><u>\$ 1,446,286</u></u>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 8,152	\$ 5,295
Accrued salaries	2,815	2,290
Compensated absences payable	7,718	7,719
Retainage payable	4,000	4,000
Other liabilities	<u>7,176</u>	<u>3,940</u>
Total current liabilities	<u>29,861</u>	<u>23,244</u>
<b>FUND EQUITY</b>		
Retained earnings:		
Unreserved	<u>1,489,738</u>	<u>1,423,042</u>
Total fund equity	<u>1,489,738</u>	<u>1,423,042</u>
Total liabilities and fund equity	<u><u>\$ 1,519,599</u></u>	<u><u>\$ 1,446,286</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**JOSEPH T. JONES MEMORIAL PARK ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN RETAINED EARNINGS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b>OPERATING REVENUES</b>		
Charges for services		
Rentals - dockage	\$ 338,841	\$ 264,535
Rentals - buildings	<u>62,153</u>	<u>63,065</u>
Total charges for services	400,994	327,600
Miscellaneous	<u>390</u>	<u>428</u>
Total operating revenues	<u>401,384</u>	<u>328,028</u>
<b>OPERATING EXPENSES</b>		
Personal services	210,044	198,855
Contractual services	2,101	3,303
Materials and supplies	1,690	9,542
Other services and charges	77,606	61,960
Depreciation	49,692	52,149
Bad debts	<u>53</u>	<u>3,265</u>
Total operating expenses	<u>341,186</u>	<u>329,074</u>
Operating income (loss)	<u>60,198</u>	<u>(1,046)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest income	<u>6,498</u>	<u>11,035</u>
Net income	66,696	9,989
Retained earnings - October 1	<u>1,423,042</u>	<u>1,413,053</u>
Retained earnings - September 30	<u><u>\$ 1,489,738</u></u>	<u><u>\$ 1,423,042</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**JOSEPH T. JONES MEMORIAL PARK ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL (Budgetary Basis)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001**

	2002			2001		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>OPERATING REVENUES</b>						
Charges for services:						
Rentals - dockage	\$ 250,000	\$ 338,841	\$ 88,841	\$ 250,000	\$ 264,535	\$ 14,535
Rentals - building	70,000	62,153	(7,847)	70,000	63,065	(6,935)
Other	-	-	-	-	-	-
Total charges for services	320,000	400,994	80,994	320,000	327,600	7,600
Miscellaneous revenues	-	390	390	-	428	428
 Total operating revenues	 320,000	 401,384	 81,384	 320,000	 328,028	 8,028
<b>OPERATING EXPENSES</b>						
Personal services	351,302	210,044	141,258	336,566	197,319	139,247
Contractual services		2,101	(2,101)	3,399	3,303	96
Materials and supplies	15,650	1,690	13,960	15,650	9,542	6,108
Other services and charges	110,603	77,606	32,997	107,204	58,636	48,568
Capital outlay	4,223	-	4,223	4,223	-	4,223
Total operating expenses	481,778	291,441	190,337	467,042	268,800	198,242
 Operating income (loss)	 (161,778)	 109,943	 271,721	 (147,042)	 59,228	 206,270
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest income	15,000	6,498	(8,502)	15,000	11,035	(3,965)
 Net income (loss)	 \$ (146,778)	 \$ 116,441	 \$ 263,219	 \$ (132,042)	 \$ 70,263	 \$ 202,305

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**JOSEPH T. JONES MEMORIAL PARK ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001**

	2002	2001
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 335,569	\$ 321,543
Other operating receipts	390	428
Cash paid to suppliers	(75,304)	(158,836)
Cash paid to employees	(209,520)	(111,061)
	<u>51,135</u>	<u>52,074</u>
Net cash provided by (used in) operating activities		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	-	(1,268)
Disposition of capital assets	5,257	-
	<u>5,257</u>	<u>(1,268)</u>
Net cash from financing activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	6,498	11,035
	<u>6,498</u>	<u>11,035</u>
Net increase (decrease) in cash and cash equivalents	62,890	61,841
Cash and cash equivalents - October 1	315,951	254,110
	<u>315,951</u>	<u>254,110</u>
Cash and cash equivalents - September 30	<u>\$ 378,841</u>	<u>\$ 315,951</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ 60,198	\$ (1,046)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	49,692	52,149
Bad debts	53	3,265
(Increase) decrease in assets:		
Accounts receivable	(65,425)	(6,057)
Increase (decrease) in liabilities:		
Accounts payable	2,857	1,537
Accrued liabilities	3,760	2,226
	<u>3,760</u>	<u>2,226</u>
Net cash provided by (used in) operating activities	<u>\$ 51,135</u>	<u>\$ 52,074</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI  
WATER AND SEWER ENTERPRISE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Pooled cash and cash equivalents	\$ 2,612,642	\$ 3,910,891
Non-pooled cash and cash equivalents	500	500
Investments	435,935	-
Receivables:		
Accounts (net of allowance for uncollectible accounts of \$4,220,469. and \$3,380,503, respectively)	1,429,095	1,010,108
Customer accounts accrued but not billed	2,120,386	2,119,938
Due from other governments	90,209	90,209
Total unrestricted current assets	<u>6,688,767</u>	<u>7,131,646</u>
<b>RESTRICTED ASSETS</b>		
Customer deposits:		
Pooled cash and cash equivalents	<u>456,752</u>	<u>350,316</u>
Total Restricted Assets	<u>456,752</u>	<u>350,316</u>
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Land	149,313	149,313
Buildings	139,619	139,619
Improvements other than buildings	78,165,651	75,998,138
Machinery and equipment	1,097,184	1,202,300
Vehicles	<u>915,831</u>	<u>937,801</u>
	80,467,598	78,427,171
Less accumulated depreciation	<u>(22,267,556)</u>	<u>(19,573,913)</u>
Net property, plant and equipment	<u>58,200,042</u>	<u>58,853,258</u>
<b>OTHER ASSETS</b>		
Cash-Water and Sewer improvement	13,950,637	-
Deferred charges:		
Capitalized interest	44,649	48,626
Deferred interest	282,015	317,267
Unamortized SRF loan fees	222,243	241,851
Unamortized bond issuance costs	<u>1,925,144</u>	<u>1,445,335</u>
Total deferred charges	<u>16,424,688</u>	<u>2,053,079</u>
 Total assets	 <u><u>\$ 81,770,249</u></u>	 <u><u>\$ 68,388,299</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI  
WATER AND SEWER ENTERPRISE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2002 AND 2001**

	2002	2001
<b>LIABILITIES AND FUND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
(Payable from current assets)		
Accounts payable	\$ 773,854	\$ 285,677
Accrued salaries	1,187	2,450
Accrued general obligation bond interest payable	845,627	687,341
Compensated absences payable	6,565	9,941
Due to other funds	38,274	38,274
Other liabilities	19,266	4,099
Bonds payable - current	1,060,000	900,000
Notes payable - current	419,035	403,039
Total current liabilities payable from current assets	<u>3,163,808</u>	<u>2,330,821</u>
<b>CURRENT LIABILITIES</b>		
(Payable from restricted assets)		
Meter deposits	<u>455,000</u>	<u>353,883</u>
<b>LONG-TERM LIABILITIES</b>		
Bonds payable	57,205,000	43,265,000
Notes payable - State of Mississippi	<u>5,247,547</u>	<u>5,666,582</u>
Total long-term liabilities	<u>62,452,547</u>	<u>48,931,582</u>
Total liabilities	<u>66,071,355</u>	<u>51,616,286</u>
<b>FUND EQUITY</b>		
Contributed capital:		
General obligation bonds	512,201	533,543
State of Mississippi	53,654	55,890
U.S. Government	3,765,656	3,922,558
Developers	1,551,948	1,625,239
Municipality	<u>5,029,623</u>	<u>5,177,130</u>
Total contributed capital	<u>10,913,082</u>	<u>11,314,360</u>
Retained earnings:		
Restricted for debt service	4,000	2,000
Unreserved	<u>4,781,812</u>	<u>5,455,653</u>
Total retained earnings	<u>4,785,812</u>	<u>5,457,653</u>
Total fund equity	<u>15,698,894</u>	<u>16,772,013</u>
Total liabilities and fund equity	<u>\$ 81,770,249</u>	<u>\$ 68,388,299</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**WATER AND SEWER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN RETAINED EARNINGS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b>OPERATING REVENUES</b>		
Charges for services		
Water and sewer billings	\$ 9,735,450	\$ 7,916,582
Sewer treatment billings	2,244,878	2,710,200
Wastewater debt billings	3,053,584	1,751,750
Garbage collections	2,778,248	3,042,659
Connection charges	181,318	330,606
Fire hydrant rental charges	14,000	14,000
Other services and charges	483,357	182,635
Total charges for services	<u>18,490,835</u>	<u>15,948,432</u>
Total operating revenues	<u>18,490,835</u>	<u>15,948,432</u>
<b>OPERATING EXPENSES</b>		
Personal services	79,358	118,451
Contractual services	3,260,245	2,786,288
Materials and supplies	1,099,762	993,511
Other services and charges	10,064,206	9,570,412
Depreciation	2,693,643	2,492,648
Amortization	101,787	134,017
Bad debts expense	839,966	724,336
Total operating expenses	<u>18,138,967</u>	<u>16,819,663</u>
Operating income (loss)	<u>351,868</u>	<u>(871,231)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest income	199,319	131,678
Interest expense	(3,054,910)	(2,709,148)
Capital assets provided by developers	1,430,604	-
Total nonoperating revenues (expenses)	<u>(1,424,987)</u>	<u>(2,577,470)</u>
Income (loss) before operating transfers	(1,073,119)	(3,448,701)
<b>TRANSFERS FROM OTHER FUNDS</b>	<u>-</u>	<u>1,320,000</u>
Net income (loss)	(1,073,119)	(2,128,701)
Add depreciation on assets acquired with contributed capital	<u>401,278</u>	<u>324,356</u>
Increase (decrease) in retained earnings	(671,841)	(1,804,345)
Retained earnings - October 1	<u>5,457,653</u>	<u>7,261,998</u>
Retained earnings - September 30	<u>\$ 4,785,812</u>	<u>\$ 5,457,653</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**WATER AND SEWER ENTERPRISE FUND**  
**COMPARATIVE SCHEDULES OF REVENUES, EXPENSES AND**  
**CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL (Budgetary Basis)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001**

	2002			2001		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>OPERATING REVENUES</b>						
Charges for services:						
Water and sewer billings	\$ 9,079,290	\$ 9,735,450	\$ 656,160	\$ 6,988,146	\$ 7,676,075	\$ 687,929
Sewer treatment billings	2,355,000	2,244,878	(110,122)	2,600,000	2,717,400	117,400
Wastewater debt billings	3,555,000	3,053,584	(501,416)	1,700,000	1,756,392	56,392
Garbage collections	2,920,000	2,778,248	(141,752)	3,000,000	3,044,805	44,805
Connection charges	435,000	181,318	(253,682)	159,000	367,960	208,960
Fire hydrant rental charges	14,000	14,000	-	14,000	14,000	-
Other services and charges	215,000	483,357	268,357	134,823	223,732	88,909
Total charges for services	<u>18,573,290</u>	<u>18,490,835</u>	<u>(82,455)</u>	<u>14,595,969</u>	<u>15,800,364</u>	<u>1,204,395</u>
Total operating revenues	<u>18,573,290</u>	<u>18,490,835</u>	<u>(82,455)</u>	<u>14,595,969</u>	<u>15,800,364</u>	<u>1,204,395</u>
<b>OPERATING EXPENSES</b>						
Personal services	118,242	79,358	38,884	114,157	116,360	(2,203)
Contractual services	2,990,515	3,260,245	(269,730)	2,749,891	2,786,288	(36,397)
Materials and supplies	998,161	1,099,762	(101,601)	1,030,774	993,511	37,263
Other services and charges	10,049,940	10,064,206	(14,266)	9,826,698	9,095,232	731,466
Capital outlay	<u>40,710,087</u>	<u>609,823</u>	<u>40,100,264</u>	<u>1,476,878</u>	<u>354,847</u>	<u>1,122,031</u>
Total operating expenses	<u>54,866,945</u>	<u>15,113,394</u>	<u>39,753,551</u>	<u>15,198,398</u>	<u>13,346,238</u>	<u>1,852,160</u>
Operating income (loss)	<u>(36,293,655)</u>	<u>3,377,441</u>	<u>39,671,096</u>	<u>(602,429)</u>	<u>2,454,126</u>	<u>3,056,555</u>
<b>NON-OPERATING REVENUES</b>						
<b>(EXPENSES)</b>						
Interest income	62,482	199,319	136,837	60,000	131,678	71,678
Transfers in	-	-	-	1,320,000	1,320,000	-
Capital assets provided by developers		1,430,604	1,430,604	-	-	-
Loan Proceeds	326,395	-	(326,395)	-	-	-
Gain (loss) on sale of equipment	4,681	-	(4,681)	-	-	-
Debt service:						
Principal	(1,242,221)	(1,303,039)	(60,818)	(1,044,212)	(1,044,212)	-
Interest and service charges	<u>(2,896,624)</u>	<u>(3,054,910)</u>	<u>(158,286)</u>	<u>(2,733,431)</u>	<u>(2,723,137)</u>	<u>10,294</u>
Total non-operating revenues (expenses)	<u>(3,745,287)</u>	<u>(2,728,026)</u>	<u>1,017,261</u>	<u>(2,397,643)</u>	<u>(2,315,671)</u>	<u>81,972</u>
Net income (loss)	<u><u>\$(40,038,942)</u></u>	<u><u>\$ 649,415</u></u>	<u><u>\$40,688,357</u></u>	<u><u>\$(3,000,072)</u></u>	<u><u>\$ 138,455</u></u>	<u><u>\$ 3,138,527</u></u>
<b>RECONCILIATION OF NET INCOME</b>						
Net income (loss) budgetary basis (Schedule 5-J)		\$ 649,415				
Depreciation - amortization - bad debt		(3,635,396)				
Add Capital Outlay		609,823				
Add principal payments on long term debt		<u>1,303,039</u>				
Net income (loss) per financial statements		<u><u>\$(1,073,119)</u></u>				

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**WATER AND SEWER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001**

	2002	2001
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 17,231,434	\$ 15,017,366
Cash received from other governments	-	234,746
Cash paid to suppliers	(13,920,869)	(13,517,434)
Cash paid to employees	(83,997)	(78,528)
Cash received from customer meter deposits, net	101,117	58,107
Net cash provided by operating activities	<u>3,327,685</u>	<u>1,714,257</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	<u>-</u>	<u>1,320,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(609,823)	(118,336)
Proceeds from debt issuance	15,000,000	-
Bond issue costs	(522,759)	-
Principal paid on revenue bond maturities and notes payable	(1,303,039)	(1,044,212)
Interest paid on bonds and notes payable	(2,896,624)	(2,723,136)
Proceeds from sale of assets	-	-
Net cash used in capital and related financing activities	<u>9,667,755</u>	<u>(3,885,684)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(435,935)	-
Interest received	199,319	131,678
Net cash used from investing activities	<u>(236,616)</u>	<u>131,678</u>
Net increase (decrease) in cash and cash equivalents	12,758,824	(719,749)
Cash and cash equivalents - October 1	<u>4,261,707</u>	<u>4,981,456</u>
Cash and cash equivalents - September 30	<u>\$ 17,020,531</u>	<u>\$ 4,261,707</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI  
WATER AND SEWER ENTERPRISE FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ 351,868	\$ (871,231)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,693,643	2,492,648
Bad debts	839,966	724,336
Amortization	101,787	134,017
(Increase) decrease in assets:		
Accounts receivable	(1,259,401)	(931,066)
Due from other governmental units	-	234,746
Increase (decrease) in liabilities:		
Accounts payable	488,177	(129,039)
Other Liabilities	15,167	-
Meter deposit liability	101,117	58,107
Accrued Salaries	(4,639)	1,739
Net cash provided by operating activities	<u>\$ 3,327,685</u>	<u>\$ 1,714,257</u>
<b>NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Contributed capital	<u>\$ 1,430,604</u>	<u>\$ 2,218,623</u>

**RECONCILIATION OF CASH AND CASH EQUIVALENTS  
PER STATEMENT OF CASH FLOWS TO THE BALANCE SHEET**

	<u>Other Assets</u>	<u>Restricted Assets</u>	<u>Current Assets</u>	<u>Total 2002</u>	<u>2001</u>
Cash and cash equivalents - October 1	\$ -	\$ 350,316	\$ 3,911,391	\$ 4,261,707	\$ 4,981,456
Net increase (decrease)	<u>13,950,637</u>	<u>106,436</u>	<u>(1,298,249)</u>	<u>12,758,824</u>	<u>(719,749)</u>
Cash and cash equivalents - September 30	<u>\$ 13,950,637</u>	<u>\$ 456,752</u>	<u>\$ 2,613,142</u>	<u>\$ 17,020,531</u>	<u>\$ 4,261,707</u>

The accompanying notes are an integral part of these financial statements.

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# INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City of Gulfport, Mississippi and to other government units, on a cost reimbursement basis.

Group Life and Health Fund - This fund is used to account for the accumulation and allocation of costs associated with providing health care and life insurance benefits for the City's employees.

Claims Contingency Fund - This fund is used to account for the accumulation of costs associated with workman's compensation claims and general liability claims against the City.



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**CITY OF GULFPORT, MISSISSIPPI**  
**PROPRIETARY FUND TYPE**  
**INTERNAL SERVICE FUNDS - SELF INSURANCE**  
**COMBINING BALANCE SHEETS**  
**SEPTEMBER 30, 2002**  
(With Comparative Totals for September 30, 2001)

	Group Life and Health	Claims Contingency	Totals	
			2002	2001
<b>ASSETS</b>				
Pooled cash and cash equivalents	\$ 1,527,292	\$ 34,080	\$ 1,561,372	\$ 574,778
Investments	-	1,027,890	1,027,890	1,030,318
Receivables:				
Other	-	-	-	153,779
Prepaid insurance	-	556,629	556,629	417,931
Total assets	<u>\$ 1,527,292</u>	<u>\$ 1,618,599</u>	<u>\$ 3,145,891</u>	<u>\$ 2,176,806</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 207	\$ 142	\$ 349	\$ 698
Liability for self-insurance claims	300,242	1,839,071	2,139,313	1,772,745
Due to Other Funds		100,000	100,000	
<b>TOTAL LIABILITIES</b>	<u>\$ 300,449</u>	<u>\$ 1,939,213</u>	<u>\$ 2,239,662</u>	<u>\$ 1,773,443</u>
<b>FUND EQUITY</b>				
Retained earnings (deficit) - unreserved	<u>1,226,843</u>	<u>(320,614)</u>	<u>906,229</u>	<u>403,363</u>
Total liabilities and fund equity	<u>\$ 1,527,292</u>	<u>\$ 1,618,599</u>	<u>\$ 3,145,891</u>	<u>\$ 2,176,806</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**PROPRIETARY FUND TYPE**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN RETAINED EARNINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**  
(With Comparative Totals for the Year Ended September 30, 2001)

	Group Life and Health	Claims Contingency	Totals	
			2002	2001
<b>OPERATING REVENUES</b>				
Employee contributions	\$ 435,481	\$ -	\$ 435,481	\$ 437,165
Retiree contributions	54,095	-	54,095	65,005
Employer contributions	3,278,430	1,505,393	4,783,823	4,312,002
Insurance claims reimbursement	-	69,954	69,954	181,510
Total operating revenues	<u>3,768,006</u>	<u>1,575,347</u>	<u>5,343,353</u>	<u>4,995,682</u>
<b>OPERATING EXPENSES</b>				
Contractual services	-	9,250	9,250	9,250
Administrative expenses	124,069	99,798	223,867	167,314
Death benefit payments	-	2,000	2,000	7,000
Premium payments	204,210	837,577	1,041,787	897,049
Claims paid	2,630,552	622,957	3,253,509	3,700,138
Increase (decrease) in provision for self-insurance losses	87,497	279,071	366,568	620,713
Total operating expenses	<u>3,046,328</u>	<u>1,850,653</u>	<u>4,896,981</u>	<u>5,401,464</u>
Operating income (loss)	<u>721,678</u>	<u>(275,306)</u>	<u>446,372</u>	<u>(405,782)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest income	22,631	33,165	55,796	66,495
Interest expense	-	-	-	-
Total non-operating revenues (expenses)	<u>22,631</u>	<u>33,165</u>	<u>55,796</u>	<u>66,495</u>
Net income (loss) before operating transfers	<u>744,309</u>	<u>(242,141)</u>	<u>502,168</u>	<u>(339,287)</u>
<b>OPERATING TRANSFERS</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total operating transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss)	<u>744,309</u>	<u>(242,141)</u>	<u>502,168</u>	<u>(339,287)</u>
Retained earnings - October 1	<u>482,534</u>	<u>(78,473)</u>	<u>404,061</u>	<u>743,348</u>
Retained earnings (deficit) - September 30	<u>\$ 1,226,843</u>	<u>\$ (320,614)</u>	<u>\$ 906,229</u>	<u>\$ 404,061</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL (Budgetary Basis)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001**

<b>GROUP LIFE AND HEALTH FUND</b>						
	2002			2001		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>OPERATING REVENUES</b>						
Employee contributions	\$ 400,000	\$ 435,481	\$ 35,481	\$ 450,000	\$ 400,498	\$ (49,502)
Retiree contributions	44,000	54,095	10,095	44,000	65,005	21,005
Employer contributions	3,100,000	3,278,430	178,430	3,100,000	3,100,008	8
Insurance claims reimbursement	-	-	-	-	195,395	195,395
Total operating revenues	3,544,000	3,768,006	224,006	3,594,000	3,760,906	166,906
<b>OPERATING EXPENSES</b>						
Contractual services	-	-	-	-	-	-
Administrative expenses	111,000	124,069	(13,069)	103,000	90,422	12,578
Death benefit payments	-	-	-	-	-	-
Premium payments	170,308	204,210	(33,902)	216,000	200,994	15,006
Claims paid	3,270,192	2,630,552	639,640	3,032,500	2,965,826	66,674
Total operating expenses	3,551,500	2,958,831	592,669	3,351,500	3,257,242	94,258
Operating income (loss)	(7,500)	809,175	816,675	242,500	503,664	261,164
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest income	7,500	22,631	15,131	7,500	10,659	3,159
Interest expense	-	-	-	-	-	-
Total non-operating revenues (expenses)	7,500	22,631	15,131	7,500	10,659	3,159
Net income (loss)	\$ -	\$ 831,806	\$ 831,806	\$ 250,000	\$ 514,323	\$ 264,323

**CLAIMS CONTINGENCY FUND**

2002			2001		
Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,505,000	1,505,393	393	1,211,994	1,211,994	-
-	69,954	69,954	30,200	48,819	18,619
1,505,000	1,575,347	70,347	1,242,194	1,260,813	18,619
8,500	9,250	(750)	9,500	9,250	250
85,000	99,798	(14,798)	85,000	76,892	8,108
5,000	2,000	3,000	5,000	7,000	(2,000)
940,000	837,577	102,423	782,300	696,055	86,245
596,000	622,957	(26,957)	671,194	734,312	(63,118)
1,634,500	1,571,582	62,918	1,552,994	1,523,509	29,485
(129,500)	3,765	133,265	(310,800)	(262,696)	48,104
-	-	-	-	-	-
-	-	-	-	-	-
50,000	33,165	(16,835)	65,000	55,836	(9,164)
-	-	-	-	-	-
50,000	33,165	(16,835)	65,000	55,836	(9,164)
\$ (79,500)	\$ 36,930	\$ 116,430	\$ (245,800)	\$ (206,860)	\$ 38,940

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL (Budgetary Basis)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001**

	<b>TOTAL INTERNAL SERVICE FUNDS</b>					
	2002			2001		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>OPERATING REVENUES</b>						
Employee contributions	\$ 400,000	\$ 435,481	\$ 35,481	\$ 450,000	\$ 400,498	\$ (49,502)
Retiree contributions	44,000	54,095	10,095	44,000	65,005	21,005
Employer contributions	4,605,000	4,783,823	178,823	4,311,994	4,312,002	8
Insurance claims reimbursement	-	69,954	69,954	30,200	244,214	214,014
Total operating revenues	5,049,000	5,343,353	294,353	4,836,194	5,021,719	185,525
<b>OPERATING EXPENSES</b>						
Contractual services	8,500	9,250	(750)	9,500	9,250	250
Administrative expenses	196,000	223,867	(27,867)	188,000	167,314	20,686
Death benefit payments	5,000	2,000	3,000	5,000	7,000	(2,000)
Premium payments	1,110,308	1,041,787	68,521	998,300	897,049	101,251
Claims paid	3,866,192	3,253,509	612,683	3,703,694	3,700,138	3,556
Total operating expenses	5,186,000	4,530,413	655,587	4,904,494	4,780,751	123,743
Operating income (loss)	(137,000)	812,940	949,940	(68,300)	240,968	309,268
<b>NON-OPERATING REVENUES</b>						
<b>(EXPENSES)</b>						
Interest income	57,500	55,796	(1,704)	72,500	66,495	(6,005)
Interest expense	-	-	-	-	-	-
Total non-operating revenues (expenses)	57,500	55,796	(1,704)	72,500	66,495	(6,005)
Net income (loss)	\$ (79,500)	\$ 868,736	\$ 948,236	\$ 4,200	\$ 307,463	\$ 303,263

**SUMMARY OF BUDGETARY BASIS TO ACTUAL**

Net income (loss) above	\$ 868,736
Change in provision for self insurance	(366,568)
Net income (loss) actual	<u>\$ 502,168</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**PROPRIETARY FUND TYPE**  
**INTERNAL SERVICE FUNDS - SELF-INSURANCE**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**  
(With Comparative Totals for the Year Ended September 30, 2001)

	Group Life and Health	Claims Contingency	Totals	
			2002	2001
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from employees and others	\$ 643,270	\$ -	\$ 643,270	\$ 502,170
Cash received from insurance companies	-	69,954	69,954	207,462
Cash paid to suppliers of services and claimants	(2,958,624)	(1,610,138)	(4,568,762)	(4,865,996)
Cash received from employer - City funds	3,278,430	1,505,478	4,783,908	4,312,002
Net cash provided by (used in) operating activities	963,076	(34,706)	928,370	155,638
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Net cash provided by (used in) noncapital financing activities	-	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sale of investments	-	911,247	911,247	991,169
Purchase of investments	-	(911,247)	(911,247)	(1,023,590)
Interest received on investments	22,631	35,593	58,224	121,129
Net cash provided by (used in) investing activities	22,631	35,593	58,224	88,708
Net increase (decrease) in cash and cash equivalents	985,707	887	986,594	244,346
Cash and cash equivalents - October 1	541,585	33,193	574,778	330,432
Cash and cash equivalents - September 30	\$ 1,527,292	\$ 34,080	\$ 1,561,372	\$ 574,778
<b>NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Change in fair value of investments	\$ -	\$ (2,428)	\$ (2,428)	\$ 6,728
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 721,678	\$ (275,306)	\$ 446,372	\$ (405,782)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
(Increase) decrease in assets:				
Prepaid assets		(138,698)	(138,698)	(85,246)
Other receivables	153,694	85	153,779	25,952
Increase (decrease) in liabilities:				
Accounts payable	207	142	349	-
Accrued liabilities	87,497	379,071	466,568	620,714
Net cash provided by (used in) operating activities	\$ 963,076	\$ (34,706)	\$ 928,370	\$ 155,638

The accompanying notes are an integral part of these financial statements.

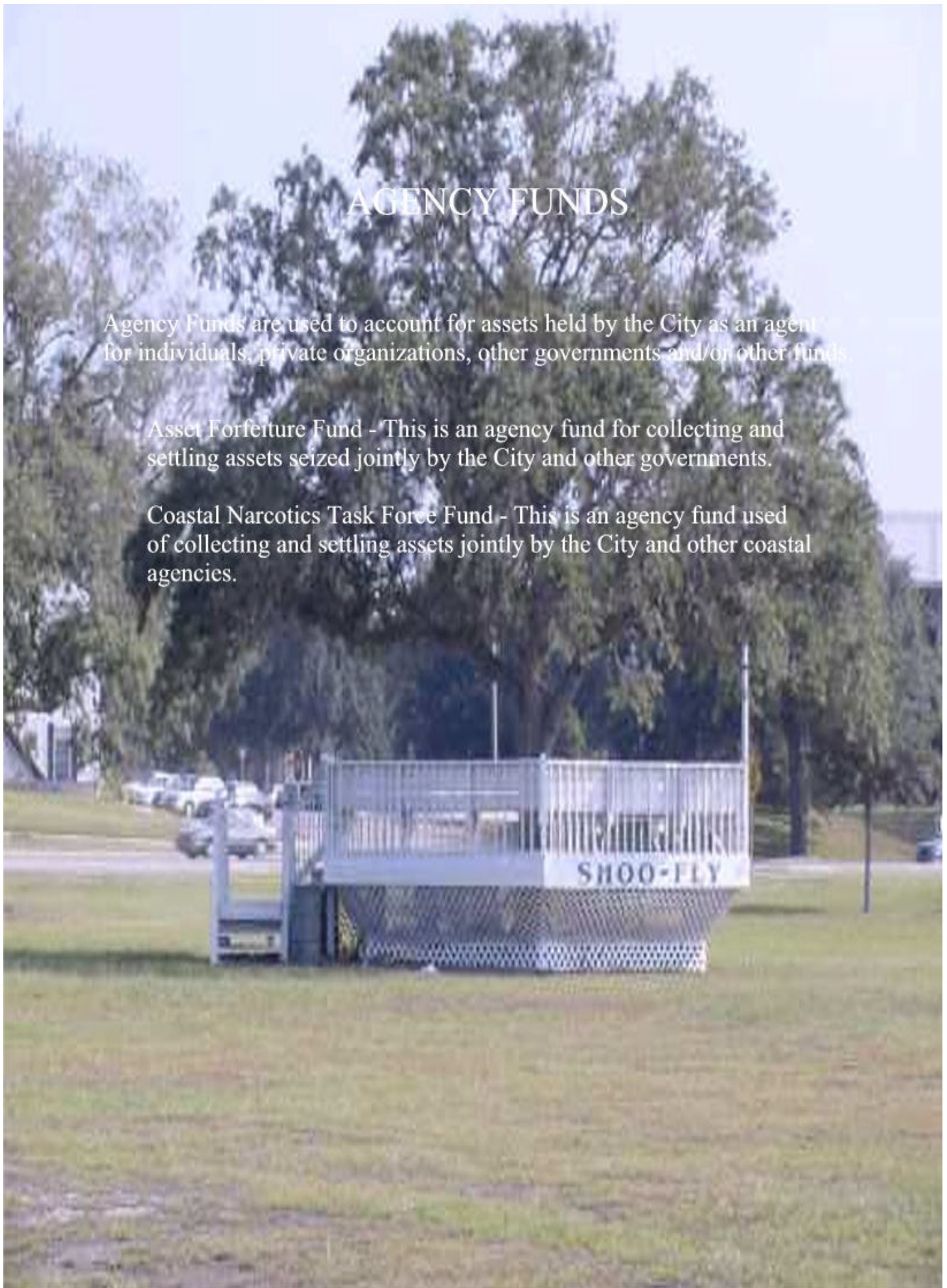
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# AGENCY FUNDS

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds.

**Asset Forfeiture Fund** - This is an agency fund for collecting and settling assets seized jointly by the City and other governments.

**Coastal Narcotics Task Force Fund** - This is an agency fund used of collecting and settling assets jointly by the City and other coastal agencies.





**CITY OF GULFPORT, MISSISSIPPI**  
**AGENCY FUNDS**  
**COMBINING BALANCE SHEETS**  
**SEPTEMBER 30, 2002**  
(With Comparative Totals for September 30, 2001)

	Agency Funds		Totals	
	Asset	Coastal	2002	2001
	Forfeiture	Narcotics Task Force		
<b>ASSETS</b>				
Non-pooled cash and cash equivalents	\$ 118,923	\$ 4,987	\$ 123,910	\$ 143,508
Assets held for disposal	35,590	-	35,590	35,590
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 154,513</u>	<u>\$ 4,987</u>	<u>\$ 159,500</u>	<u>\$ 179,098</u>
 <b>LIABILITIES</b>				
Due to other governments	<u>\$ 154,513</u>	<u>\$ 4,987</u>	<u>\$ 159,500</u>	<u>\$ 179,098</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**

	Balance at 10/1/01	Additions	Deductions	Balance at 9/30/02
<b><u>ASSET FORFEITURE FUND</u></b>				
<b>ASSETS</b>				
Cash	\$ 137,402	\$ -	\$ 18,479	\$ 118,923
Assets held for disposal	35,590	-	-	35,590
Total assets	<u>\$ 172,992</u>	<u>\$ -</u>	<u>\$ 18,479</u>	<u>\$ 154,513</u>
<b>LIABILITIES</b>				
Due to other governments	<u>\$ 172,992</u>	<u>\$ -</u>	<u>\$ 18,479</u>	<u>\$ 154,513</u>
<b><u>COASTAL NARCOTICS TASK FORCE FUND</u></b>				
<b>ASSETS</b>				
Cash	<u>\$ 6,106</u>	<u>\$ -</u>	<u>\$ 1,119</u>	<u>\$ 4,987</u>
<b>LIABILITIES</b>				
Due to other governments	<u>\$ 6,106</u>	<u>\$ -</u>	<u>\$ 1,119</u>	<u>\$ 4,987</u>
<b><u>TOTAL ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash	\$ 143,508	\$ -	\$ 19,598	\$ 123,910
Assets held for disposal	35,590	-	-	35,590
Total assets	<u>\$ 179,098</u>	<u>\$ -</u>	<u>\$ 19,598</u>	<u>\$ 159,500</u>
<b>LIABILITIES</b>				
Due to other governments	<u>\$ 179,098</u>	<u>\$ -</u>	<u>\$ 19,598</u>	<u>\$ 159,500</u>

The accompanying notes are an integral part of these financial statements.

A close-up photograph of a sewing machine needle stitching a piece of red fabric. The needle is positioned vertically, and the thread is visible as it passes through the fabric. The background is a warm, golden-brown color, possibly the surface of the sewing machine or a piece of wood. The lighting is soft, highlighting the texture of the fabric and the metallic sheen of the needle.

## GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is used to account for fixed assets not used in proprietary fund operations.



**CITY OF GULFPORT, MISSISSIPPI**  
**COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS - BY SOURCE**  
**SEPTEMBER 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b>GENERAL FIXED ASSETS</b>		
Land, land improvements and parks	\$ 22,561,219	\$ 18,931,622
Buildings and improvements	13,748,366	13,662,786
Improvements other than buildings	9,680	9,680
Machinery and equipment	10,298,526	8,066,854
Vehicles	<u>9,561,212</u>	<u>9,174,865</u>
Total general fixed assets	<u>\$ 56,179,003</u>	<u>\$ 49,845,807</u>
<b>INVESTMENT IN GENERAL FIXED ASSETS</b>		
General Fund	\$ 31,464,805	\$ 29,359,634
Special Revenue Funds	8,141,816	6,003,147
Capital Projects Funds	<u>16,572,382</u>	<u>14,483,026</u>
Total investment in general fixed assets	<u>\$ 56,179,003</u>	<u>\$ 49,845,807</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY**  
**SEPTEMBER 30, 2002**

Function and Activity	Land	Buildings	Improvements Other than Buildings	Equipment	Vehicles	Total
<b>GENERAL GOVERNMENT</b>						
Council	\$ -	\$ 5,800	\$ -	\$ 17,608	\$ -	\$ 23,408
Judicial	-	-	-	108,820	107,665	216,485
Mayor	-	-	-	23,902	22,980	46,882
Legal	-	-	-	20,574	-	20,574
Finance and administration	189,913	8,603,700	9,680	908,452	62,645	9,774,390
Cemetery	62,622	-	-	114,795	47,628	225,045
Total general government	252,535	8,609,500	9,680	1,194,151	240,918	10,306,784
<b>PUBLIC SAFETY</b>						
Police	29,316	487,338	-	2,924,580	3,003,290	6,444,524
Fire	69,633	1,637,672	-	2,000,079	4,169,718	7,877,102
Total public safety	98,949	2,125,010	-	4,924,659	7,173,008	14,321,626
<b>PUBLIC WORKS</b>						
Streets and drainage	5,314,407	429,615	-	1,869,929	1,139,389	8,753,340
Engineering	-	-	-	110,025	65,273	175,298
Traffic control	-	-	-	167,981	244,209	412,190
Maintenance garage	-	-	-	78,298	141,251	219,549
Building maintenance	-	-	-	17,332	25,000	42,332
Planning	-	-	-	118,613	166,411	285,024
Total public works	5,314,407	429,615	-	2,362,178	1,781,533	9,887,733
<b>CULTURE AND RECREATION</b>	9,590,502	2,215,893	-	1,570,851	354,939	13,732,185
<b>URBAN DEVELOPMENT</b>	7,304,826	368,348	-	246,687	10,814	7,930,675
Total general fixed assets	\$22,561,219	\$13,748,366	\$ 9,680	\$ 10,298,526	\$ 9,561,212	\$ 56,179,003

The accompanying notes are an integral part of these financial statements.

**CITY OF GULFPORT, MISSISSIPPI**  
**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**

Function and Activity	General Fixed Assets 10/1/01	Additions	Deletions	General Fixed Assets 9/30/02
<b>GENERAL GOVERNMENT</b>				
Council	\$ 24,478	\$ -	\$ (1,070)	\$ 23,408
Judicial	138,513	79,373	(1,401)	216,485
Mayor	50,272	-	(3,390)	46,882
Legal	20,574	-	-	20,574
Finance and administration	9,429,778	378,196	(33,584)	9,774,390
Cemetery	214,240	11,855	(1,050)	225,045
Total general government	9,877,855	469,424	(40,495)	10,306,784
<b>PUBLIC SAFETY</b>				
Police	5,881,862	818,493	(255,830)	6,444,525
Fire	7,065,350	813,775	(2,023)	7,877,102
Total public safety	12,947,212	1,632,268	(257,853)	14,321,627
<b>PUBLIC WORKS</b>				
Streets and drainage	9,036,423	332,240	(615,324)	8,753,339
Engineering	173,871	27,515	(26,088)	175,298
Traffic control	397,292	14,898		412,190
Maintenance garage	209,690	30,586	(20,727)	219,549
Building maintenance	42,332	-	-	42,332
Planning	281,873	3,187	(36)	285,024
Total public works	10,141,481	408,426	(662,175)	9,887,732
<b>CULTURE AND RECREATION</b>	11,103,179	2,640,830	(11,824)	13,732,185
<b>URBAN DEVELOPMENT</b>	5,776,080	2,155,646	(1,051)	7,930,675
Total general fixed assets	\$ 49,845,807	\$ 7,306,594	\$ (973,398)	\$ 56,179,003

The accompanying notes are an integral part of these financial statements.

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# GENERAL LONG-TERM DEBT ACCOUNT GROUP

The General Long Term Debt Account Group is a self-balancing group of accounts used to account for general long-term debt other than that recorded in the enterprise and internal service funds.





**CITY OF GULFPORT, MISSISSIPPI**  
**COMPARATIVE STATEMENTS OF GENERAL LONG-TERM DEBT**  
**SEPTEMBER 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b>AMOUNT AVAILABLE AND TO BE PROVIDED FOR DEBT SERVICE</b>		
Amount available for bonded debt service and notes payable	\$ 2,206,114	\$ 1,665,707
Amount to be provided for retirement of bonds, notes and mortgages payable	32,135,150	30,777,319
Amount to be provided for accrued compensated absences	1,895,054	2,018,893
Amount to be provided for claims	<u>45,000</u>	<u>47,000</u>
 Total amount available and to be provided for debt service	 <u><u>\$ 36,281,318</u></u>	 <u><u>\$ 34,508,919</u></u>
 <b>BONDS, NOTES, CAPITAL LEASES AND ACCRUED COMPENSATED ABSENCES</b>		
Accrued compensated absences	\$ 1,895,054	\$ 2,018,893
Claims payable	45,000	47,000
General obligation bonds	24,650,000	26,060,000
Bank and agency notes	7,301,264	3,943,026
Obligations under capital leases	1,180,000	900,000
School District general obligation bonds	<u>1,210,000</u>	<u>1,540,000</u>
 Total bonds, notes, capital leases and accrued compensated absences	 <u><u>\$ 36,281,318</u></u>	 <u><u>\$ 34,508,919</u></u>

The accompanying notes are an integral part of these financial statements.

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## OTHER SUPPLEMENTAL INFORMATION





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**CITY OF GULFPORT, MISSISSIPPI**  
**SCHEDULE RECONCILING ORIGINAL AD VALOREM TAX ROLLS**  
**TO FUND COLLECTIONS**  
**SEPTEMBER 30, 2002**

	Assessed Value	Tax
<b>ADJUSTED ASSESSED VALUATION</b>		
City:		
Realty	\$ 338,110,261	\$ 10,028,350
Personal - other than auto	72,083,088	2,137,984
Public utilities	100,695,000	2,986,614
Personal - auto and mobile home	71,198,947	2,111,761
Total City at 29.66 mills	582,087,296	17,264,709
Less: Homestead exemption allowed	(31,233,181)	(926,376)
Total City	<u>\$ 550,854,115</u>	<u>16,338,333</u>
Separate School District:		
Realty	\$ 214,928,785	\$ 11,550,273
Personal - other than auto	30,761,805	1,653,139
Public utilities	44,272,680	2,379,214
Personal - auto and mobile home	32,011,192	1,720,281
Total Separate School District at 53.74 mills	321,974,462	17,302,907
Less: Homestead exemption allowed	(21,013,778)	(1,676,944)
Total Separate School District	<u>\$ 300,960,684</u>	<u>15,625,963</u>
		31,964,296
Add:		
Actual homestead reimbursement		956,359
Prior year tax collections		466,764
Special Assessments and Homestead chargebacks		84,136
Penalties and interest on delinquent taxes		278,838
Vehicle rental tax		194,309
Public utilities - Coast Electric		60,654
Deduct:		
County fees		(257,563)
Unpaid realty, personal and utility taxes		(326,374)
Adjustments to land roll		(231,202)
Timing differences and adjustments		329,548
Total to be accounted for		<u>\$ 33,519,765</u>

**CITY OF GULFPORT, MISSISSIPPI**  
**SCHEDULE RECONCILING ORIGINAL AD VALOREM TAX ROLLS**  
**TO FUND COLLECTIONS**  
**SEPTEMBER 30, 2002**

	<u>Taxes Collected</u>	<u>Homestead Reimburse- ment</u>	<u>Total Collections</u>
Credits:			
Collections allocated to:			
General Fund	\$ 11,112,700	\$ 324,408	\$ 11,437,108
City Bond Fund	3,850,723	116,332	3,967,055
Police and Fire Disability	1,017,757	30,808	1,048,565
Library Fund	475,369	14,384	489,753
School District Maintenance	13,244,043	385,750	13,629,793
School District Minimum Program	433,882	14,113	447,995
School District Bond and Interest	<u>2,428,932</u>	<u>70,564</u>	<u>2,499,496</u>
Total accounted for	<u>\$ 32,563,406</u>	<u>\$ 956,359</u>	<u>\$ 33,519,765</u>

**CITY OF GULFPORT, MISSISSIPPI**  
**SCHEDULE OF CASH AND INVESTMENTS - ALL FUNDS**  
**SEPTEMBER 30, 2002**

	<u>Amount</u>
<b>CASH AND CASH EQUIVALENTS</b>	
Cash in banks - all funds	
Pooled	\$ 37,243,037
Non-pooled	<u>387,950</u>
Total cash and cash equivalents	<u><u>\$ 37,630,987</u></u>
 <b>INVESTMENTS</b>	
<u>Internal service funds</u>	
Claims Contingency Fund:	
Federated U.S. Cash Reserves	
Mutual Funds	\$ 1,027,890
<u>Water and Sewer Fund</u>	
Daily Income Govt. II	<u>435,935</u>
 <b>TOTAL INVESTMENTS</b>	<u><u>\$ 1,463,825</u></u>

**CITY OF GULFPORT, MISSISSIPPI**  
**SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS**  
**SEPTEMBER 30, 2002**

Department	Effective Date	Position	Number of Employees in each Position	Amount of Coverage on each Employee
General Finance	10/1/02	Mayor	1	\$ 10,000
	10/1/02	Council	7	100,000
	10/1/02	Chief Administrative Officer	1	50,000
	10/1/02	City Clerk	1	50,000
	10/1/02	Deputy Clerk and Court Clerk	1	10,000
	10/1/02	Comptroller	1	50,000
	10/1/02	Senior Accountant	1	50,000
	10/1/02	Accounting Clerk	1	10,000
	10/1/02	Payroll Specialist	1	10,000
	10/1/02	General Finance Manager	1	10,000
	10/1/02	General Finance Clerks	4	10,000
	10/1/02	Records Clerk	2	10,000
	10/1/02	Court Administrator	1	50,000
	10/1/02	Security, Runner	1	50,000
	10/1/02	Notary Public	5	5,000
Urban Development	10/1/02	Planning Director	1	10,000
	10/1/02	Secretary	3	10,000
	10/1/02	Inspector	3	10,000
	10/1/02	Clerk	7	10,000
	10/1/02	Notary Public	3	5,000
Police Department	10/1/02	Chief of Police	1	50,000
	10/1/02	Deputy Court Clerks	3	10,000
	10/1/02	Admin. Officers	1	10,000
	10/1/02	Court Bailiff Clerk	2	10,000
	10/1/02	Records Clerk	1	10,000
	10/1/02	Special Agent	1	10,000
	10/1/02	K-9 Officer	1	10,000
	10/1/02	Notary Public	42	5,000
	10/1/02	Detectives	6	10,000
Department of Leisure Services	10/1/02	Director	1	10,000
	10/1/02	Center Coordinators	9	10,000
	10/1/02	Secretary	2	10,000
	10/1/02	Joseph T. Jones, Harbormaster	1	10,000
	10/1/02	Assistant Harbormasters	4	10,000
	10/1/02	Accounting Clerk	1	10,000
	10/1/02	Clerk	1	10,000
Water Department	10/1/02	Collector	1	10,000
Engineering	10/1/02	Notary Public	1	5,000
	10/1/02	Secretary	1	10,000

**CITY OF GULFPORT, MISSISSIPPI**  
**SCHEDULE OF GENERAL LONG-TERM DEBT**  
**SEPTEMBER 30, 2002**

	Date of Original Issue	Interest Rate	Bonds-Notes Outstanding 10/1/01	New Issues FYE 2002
<b>GENERAL OBLIGATION BONDS</b>				
Public Improvement 1993	3/1/93	5.16%	10,705,000	-
Public Improvement Refunding 1995	9/12/95	3.9-5.55%	1,375,000	-
Public Improvement 1996	8/1/96	4.75-6.6%	7,595,000	-
Public Improvement 1998	7/1/98	4.4-6.6%	5,460,000	-
Airport 2000	5/1/00	5.20%	925,000	-
Total General Obligation Bonds			26,060,000	-
<b>SCHOOL DISTRICT G.O. BONDS</b>				
Gulfport School District '85	9/10/85	8.0-11.0%	1,540,000	-
<b>BANK AND AGENCY NOTES</b>				
MS CAP Loans	8/4/97	3.70%	715,554	-
MS CAP Loans	8/4/97	3.70%	329,505	-
Whitney Bank	11/6/98	4.10%	211,300	-
MS Development Bank	12/1/00	% of prime	2,686,667	3,700,000
Total Bank and Agency Notes			3,943,026	3,700,000
<b>OBLIGATIONS UNDER CAPITAL LEASES</b>				
Coast Community Bank - Signage	9/4/01	3.596%	-	600,000
Hancock Bank - computer	5/22/00	5.29%	900,000	-
Total Capital Leases			900,000	600,000
Total General Long-term Debt			\$ 32,443,026	\$ 4,300,000

## SCHEDULE 10-D

Paid in FYE 2002	Bonds-Notes Outstanding 9/30/02	Interest Paid FYE 2002	Original Bonded Debt	Maturities FYE 9/30/03		
				Principal	Interest	Total
615,000	10,090,000	519,175	14,455,000	655,000	487,425	1,142,425
165,000	1,210,000	71,288	1,895,000	175,000	63,368	238,368
350,000	7,245,000	408,921	8,500,000	350,000	385,821	735,821
200,000	5,260,000	271,665	6,000,000	215,000	259,665	474,665
80,000	845,000	48,100	1,000,000	85,000	43,940	128,940
<u>1,410,000</u>	<u>24,650,000</u>	<u>1,319,149</u>	<u>31,850,000</u>	<u>1,480,000</u>	<u>1,240,219</u>	<u>2,720,219</u>
<u>330,000</u>	<u>1,210,000</u>	<u>135,245</u>	<u>4,380,000</u>	<u>365,000</u>	<u>105,875</u>	<u>470,875</u>
54,544	661,010	25,720	922,903	56,597	23,667	80,264
25,118	304,387	11,844	425,000	26,063	10,899	36,962
67,100	144,200	8,663	336,000	70,300	5,912	76,212
195,000	6,191,667	95,477	2,700,000	320,000	155,961	475,961
<u>341,762</u>	<u>7,301,264</u>	<u>141,704</u>	<u>4,383,903</u>	<u>472,960</u>	<u>196,439</u>	<u>669,399</u>
120,000	480,000	21,576	600,000	120,000	17,261	137,261
200,000	700,000	-	1,100,000	200,000	-	200,000
<u>320,000</u>	<u>1,180,000</u>	<u>21,576</u>	<u>1,700,000</u>	<u>320,000</u>	<u>17,261</u>	<u>337,261</u>
<u>\$ 2,401,762</u>	<u>\$ 34,341,264</u>	<u>\$ 1,617,674</u>	<u>\$ 42,313,903</u>	<u>\$ 2,637,960</u>	<u>\$ 1,559,794</u>	<u>\$ 4,197,754</u>

**CITY OF GULFPORT, MISSISSIPPI**  
**SCHEDULE OF ENTERPRISE BONDS AND NOTES (Budgetary Basis)**  
**SEPTEMBER 30, 2002**

	Date of Original Issue	Interest Rate	Bonds-Notes Outstanding 10/1/02	New Issues FYE 2002
<b>ENTERPRISE BONDS</b>				
Water & Sewer G.O. Series 1996 Bonds	12/1/96	4.875-6.25%	\$ 5,310,000	\$ -
Water & Sewer G.O. Refunding Bonds Series 1998	8/1/98	4.75%	5,555,000	-
Water & Sewer Revenue Series 1998 Bonds	12/1/99	4.4-6.0%	33,300,000	-
Water & Sewer Revenue Series 2002 Bonds	4/23/02	3.0-5.25%	<u>                    </u>	<u>15,000,000</u>
Total Bonds			<u>44,165,000</u>	<u>15,000,000</u>
<b>ENTERPRISE NOTES</b>				
State Revolving Loan #1	4/1/92	3.00%	841,291	-
State Revolving Loan #2	10/1/91	4.00%	2,070,872	-
State Revolving Loan #3	10/15/93	4.00%	2,068,335	-
State Revolving Loan #4	4/2/94	4.50%	<u>1,089,123</u>	<u>-</u>
Total Notes			<u>6,069,621</u>	<u>-</u>
Total Bonds and Notes			<u><u>\$ 50,234,621</u></u>	<u><u>\$ 15,000,000</u></u>

Paid in FYE 2002	Bonds-Notes Outstanding 9/30/02	Interest Paid FYE 2002	Original Bonded Debt	Maturities FYE 9/30/03		
				Principal	Interest	Total
\$ 210,000	\$ 5,100,000	\$ 265,510	\$ 6,000,000	\$ 240,000	\$ 267,078	\$ 507,078
490,000	5,065,000	281,140	6,440,000	520,000	241,010	761,010
200,000	33,100,000	1,883,061	33,300,000	300,000	1,874,369	2,174,369
	15,000,000	185,089	15,000,000		740,356	740,356
900,000	58,265,000	2,614,800	60,740,000	1,060,000	3,122,813	4,182,813
71,856	769,435	24,256	1,422,072	74,043	22,070	96,113
142,174	1,928,698	80,247	3,016,718	147,966	74,455	222,421
127,997	1,940,338	80,404	2,818,618	133,212	75,189	208,401
61,012	1,028,111	47,762	1,417,932	63,814	44,960	108,774
403,039	5,666,582	232,669	8,675,340	419,035	216,674	635,709
<u>\$ 1,303,039</u>	<u>\$ 63,931,582</u>	<u>\$ 2,847,469</u>	<u>\$ 69,415,340</u>	<u>\$ 1,479,035</u>	<u>\$ 3,339,487</u>	<u>\$ 4,818,522</u>

**CITY OF GULFPORT, MISSISSIPPI  
COMPUTATION OF LEGAL DEBT MARGIN  
SEPTEMBER 30, 2002**

Authorized Debt Limit 15 Percent Rule

2001 Tax roll	\$ 582,087,296	@ 15%	\$ 87,313,094
Bonded indebtedness			84,125,000
Less: Assets available in debt service fund available for principal payment			(2,206,114)
Less: Authorized exemptions			
School District General Obligation Bonds	1,210,000		
Water & Sewer G.O. Bonds	10,165,000		
Water & Sewer Revenue Bonds	48,100,000	(59,475,000)	
Present debt subject to 15% limit			<u>22,443,886</u>
Margin for further debt under 15% limit			<u><u>\$ 63,854,384</u></u>

Section 21-33-303 of Mississippi Code of Ordinances 1972 Annotated-Limitation of indebtedness as amended April 8, 1985, March 30, 1987, October 1, 1989, March 1, 1992, and July 1, 1996.

No municipality shall hereafter issue bonds secured by a pledge of its full faith and credit for the purposes authorized by law in an amount which, when added to the then outstanding bonded indebtedness of such municipality, shall exceed either (a) fifteen percent (15%) of the assessed value of the taxable property within such municipality, according to the last completed assessment for taxation, or (b) ten percent (10%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. In computing such indebtedness, there may be deducted all bonds or other evidences of indebtedness, heretofore or hereafter issued, for school, water, sewage systems, gas, and light and power purposes, and for the construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying the municipality's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case shall any municipality contract any indebtedness which, when added to all of the outstanding general obligation indebtedness, both bonded and floating, shall exceed either (a) twenty percent (20%) of the assessed value of all taxable property within such municipality according to the last completed assessment for taxation or (b) fifteen percent (15%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1994, whichever is greater. Nothing herein contained shall be construed to apply to contract obligations in any form heretofore or hereafter incurred by any municipality which are subject to annual appropriations therefore or to bonds heretofore issued by any municipality for school purposes or to contract obligations in any form heretofore or hereafter incurred by any municipality under the provisions of Sections 57-1-1 through 57-1-51, or to any special assessment improvement bonds issued by any municipality under the provisions of Sections 21-41-1 through 21-41-53.

**CITY OF GULFPORT, MISSISSIPPI**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**SEPTEMBER 30, 2002**

Authorized Debt Limit 20 Percent Rule

2001 Tax roll	\$ 582,087,296	@ 20%	\$ 116,417,459
Bonded indebtedness (floating debt - \$6,969,621)			90,971,582
Less: Assets available in debt service fund available for principal payment			(2,206,114)
Less: Authorized exemptions			
School District General Obligation Bonds	1,210,000		
Water & Sewer G.O. Bonds	10,165,000		
Water & Sewer Revenue Bonds	<u>48,100,000</u>	<u>(59,475,000)</u>	
Present debt subject to 20% limit			<u>29,290,468</u>
Margin for further debt under 20% limit			<u><u>\$ 87,126,992</u></u>

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## STATISTICAL SECTION

The statistical section contains data which relate to the economic, social and political characteristics of the City of Gulfport, Mississippi. It is intended to provide readers with a broader and more complete understanding of the government and its financial affairs than is possible from the financial statements and supplemental data included in the Financial Section. Statistical tables usually cover more than two fiscal years and often present data outside the accounting records.



# STATISTICAL SECTION

This section includes several tables of unaudited data describing the financial history of the City as well as other miscellaneous statistics, generally presented on a multiyear basis.

TABLE 1	General Governmental Expenditures by Function
TABLE 2	General Governmental Revenues by Source
TABLE 3	Property Tax Levies and Collections
TABLE 4	Assessed and Actual Value of Property
TABLE 5	Property Tax Rates - Direct and Overlapping Governments
TABLE 6	Principal Taxpayers
TABLE 7	Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita
TABLE 8	Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total Governmental Expenditures
TABLE 9	Computation of Direct and Overlapping Bonded Debt - General Obligation Bonds
TABLE 10	Revenue Bond Coverage
TABLE 11	Demographic Statics
TABLE 12	Property Value, Construction and Bank Deposits
TABLE 13	Miscellaneous Statistics



TABLE 1  
(Unaudited)

**CITY OF GULFPORT, MISSISSIPPI**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)**  
**LAST TEN FISCAL YEARS**  
(Amounts Expressed in Thousands)

Fiscal Year	General Government	Public Safety	Public Works	Economic Development	Health & Welfare	Culture and Recreation	Capital Outlay	Debt Service	Total
1993 (2)	\$ 2,848	\$ 9,104	\$ 4,089	\$ 52	\$ 83	\$ 1,379	\$ 1,492	\$ 2,256	\$ 21,303
1994 (3)	4,491	12,998	5,144	1,076	61	2,237	4,652	3,923	34,582
1995	3,463	16,008	6,354	79	281	2,478	8,138	3,501	40,302
1996	3,906	17,962	7,413	115	431	2,665	11,054	3,662	47,208
1997	4,613	21,019	9,427	106	170	2,864	6,667	4,099	48,965
1998	4,445	20,552	7,213	80	173	3,414	5,245	4,268	45,390
1999	7,216	21,318	6,789	100	30	3,783	10,062	4,241	53,539
2000	5,624	23,369	7,017	1,662	86	4,330	7,735	3,836	53,659
2001	6,309	27,574	6,517	92	366	4,647	12,911	3,598	62,014
2002	7,251	25,666	7,027	86	750	4,732	9,662	4,027	59,201

- (1) Includes all Governmental Fund types.  
(2) Began gaming industry in May 1993.  
(3) Annexation approved effective January 1, 1994.

SOURCE: Prior audit reports.

TABLE 2  
(Unaudited)

**CITY OF GULFPORT, MISSISSIPPI**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)**  
**LAST TEN FISCAL YEARS**  
(Amounts Expressed in Thousands)

Fiscal Year	Property Taxes	Sales Taxes	Franchise Taxes	Gaming Taxes	Fines and Forfeits	Licenses and Permits	Inter- Governmental	(5) Charges for Services	Interest and Miscellaneous	Total
1993(2)	\$ 7,321	\$ 5,506	\$ 1,213	\$ 1,209	\$ 1,434	\$ 459	\$ 2,303	\$ 1,691	\$ 551	\$ 21,687
1994(3)	8,131	9,153	1,709	3,331	1,758	877	3,408	685	656	29,708
1995(4)	14,955	10,625	1,902	2,661	1,942	909	3,774	776	1,140	38,684
1996	15,128	11,746	2,010	3,372	2,249	859	4,968	765	949	42,046
1997	16,081	12,478	2,053	3,446	1,924	821	5,808	656	1,190	44,457
1998	16,232	13,111	2,150	3,422	1,539	1,117	5,205	698	1,178	44,652
1999	16,515	15,583	2,260	3,718	2,377	1,454	9,230	710	1,286	53,133
2000	17,190	16,147	2,487	4,217	2,232	1,331	7,182	833	1,289	52,908
2001	15,852	16,241	2,792	4,241	2,251	1,187	9,354	998	1,391	54,307
2002	16,247	16,477	2,771	4,398	1,938	1,092	9,113	1,021	956	54,013

(1) Includes all Governmental Fund types.

(2) Began gaming industry in May 1993.

(3) Annexation approved effective January 1, 1994.

(4) Began initial collections of realty, personal, and public utility taxes of the annexed area.

(5) Includes garbage collection fee for 1992 through 1993.

SOURCE: Prior audit reports.

TABLE 3  
(Unaudited)

**CITY OF GULFPORT, MISSISSIPPI**  
**PROPERTY TAX LEVIES AND COLLECTIONS (1)**  
**LAST TEN FISCAL YEARS**  
(Amounts Expressed in Thousands)

Fiscal Year	Revenue from Total Levy (2)	Current Collections	Percent Current Collected	Delinquent Collections	Total Tax Collections (3)	Ratio Total Collected to Levy	Outstanding Delinquent Taxes	Ratio Delinquent to Total Levy
1993	\$ 16,767	\$ 16,555	98.7%	\$ 152	\$ 16,707	99.6%	\$ 212	1.3%
1994	18,514	17,950	97.0%	73	18,023	97.3%	565	3.1%
1995	26,572	25,853	97.3%	120	25,973	97.7%	719	2.7%
1996	26,797	26,543	99.1%	197	26,740	99.8%	254	0.9%
1997	30,048	29,802	99.2%	325	30,127	100.3%	246	0.8%
1998	30,354	30,058	99.0%	170	30,228	99.6%	296	1.0%
1999	31,353	31,040	99.0%	208	31,248	99.7%	313	1.0%
2000	32,157	31,907	99.2%	389	32,296	100.4%	250	0.8%
2001	32,263	31,928	99.0%	187	32,115	99.5%	335	1.0%
2002	33,053	32,451	98.2%	466	32,917	99.6%	326	1.0%

(1) Levy is established January 1 of year preceding that in which taxes are collected.

(2) Mississippi law requires vehicles to be included in assessed valuation.

(3) Includes City and School District amounts.

SOURCE: Prior audit reports.

TABLE 4  
(Unaudited)

**CITY OF GULFPORT, MISSISSIPPI**  
**ASSESSED AND ACTUAL VALUE OF PROPERTY (1)**  
**LAST TEN FISCAL YEARS**  
(Amounts Expressed in Thousands)

Fiscal Year	Real Property		Personal Property		Utilities		Vehicles		Totals		% Assessed Increase (Decrease)
	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	
1993	\$ 118,669	\$ 867,463	\$ 17,764	\$ 118,427	\$ 28,360	\$ 189,067	\$ 22,520	\$ 75,067	\$ 187,313	\$ 1,250,024	-0.2%
1994(2)	121,644	889,211	26,868	179,120	30,433	202,887	36,809	122,697	215,754	1,393,915	15.2%
1995(3)	188,233	1,375,972	53,388	355,920	96,915	646,100	45,534	151,780	384,070	2,529,772	78.0%
1996	195,412	1,428,450	43,524	290,160	103,576	690,507	50,440	168,133	392,952	2,577,250	2.3%
1997	205,576	1,502,749	72,754	485,027	94,122	627,480	52,050	173,500	424,502	2,788,756	8.0%
1998	211,456	1,545,731	50,105	334,033	92,646	617,640	59,662	198,873	413,869	2,696,277	-2.5%
1999	215,135	1,572,624	56,063	373,753	93,052	620,347	63,700	212,333	427,950	2,779,058	3.4%
2000	218,333	1,596,001	55,753	371,687	97,460	649,733	67,663	225,543	439,209	2,842,965	2.6%
2001(4)	331,352	2,422,164	69,630	464,200	98,258	655,053	71,847	239,490	571,087	3,780,907	30.0%
2002	338,110	2,471,564	72,083	480,553	100,695	671,300	71,199	237,330	582,087	3,860,747	1.9%

(1) Assessment rates are as follows:

REAL PROPERTY - Assessed at 10% of actual value for homeowner-occupied, 15% for all others. (Average of 13.68% used in this table.)

PERSONAL PROPERTY - Assessed at 15% of actual value.

UTILITIES - Assessed at 15% of actual value.

VEHICLES - Assessed at 30% of actual value. State law requires inclusion in assessed value.

(2) Increase in Personal Property due to gaming industry amounts, and only vehicle valuations include annexed area amounts.

(All other annexed area property taxes were collected beginning January 1, 1995.)

(3) Increase due to annexed area initial billings for realty, personal and public utilities taxes for the annexed area.

(4) Real property reappraisal completed prior to this fiscal year.

SOURCE: Prior audit reports.

TABLE 5  
(Unaudited)

**CITY OF GULFPORT, MISSISSIPPI  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

Fiscal Year	City of Gulfport			Harrison County			Gulfport School District			Grand Total Millage
	Operating Millage	Debt Millage	Total Millage	Operating Millage	Debt Millage	Total Millage	Operating Millage	Debt Millage	Total Millage	
1993	36.1	4.9	41.0	41.4	3.5	44.9	45.3	6.0	51.3	137.2
1994	33.3	7.7	41.0	38.9	4.5	43.4	45.3	5.8	51.1	135.5
1995	32.0	9.0	41.0	38.9	4.5	43.4	46.1	5.0	51.1	135.5
1996	32.0	9.0	41.0	40.4	3.0	43.4	44.5	8.3	52.8	137.2
1997	32.6	8.4	41.0	40.4	3.0	43.4	46.0	15.8	61.8	146.2
1998	34.9	6.1	41.0	41.4	2.0	43.4	48.1	13.7	61.8	146.2
1999	33.5	7.5	41.0	41.3	2.1	43.4	49.6	12.2	61.8	146.2
2000	33.5	7.5	41.0	40.0	3.4	43.4	50.0	11.8	61.8	146.2
2001*	22.2	7.5	29.7	32.8	3.4	36.2	43.6	9.1	52.7	118.6
2002	22.6	7.1	29.7	32.4	3.3	35.7	45.6	8.1	53.7	119.1

\* Decrease in millage due to countywide property reappraisal completed in 2000

SOURCE: Harrison County Chancery Clerk's Office.

TABLE 6  
(Unaudited)

**CITY OF GULFPORT, MISSISSIPPI**  
**PRINCIPAL TAXPAYERS**  
**2001 TAX ROLL**  
(Amounts Expressed in Thousands)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>(1) 2001 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Mississippi Power & Light	Electrical Utility	\$ 77,420	15.2
Grand Casino, Inc.	Gaming Industry	35,098	6.9
South Central Bell	Communications Utility	15,305	3.0
Halter Marine	Industrial Shipbuilding	4,114	0.8
Hancock Bank	Financial Institution	3,885	0.8
Prime Outlets - Gulfport Factory Outlet Shops	Retail Industry	2,120	0.4
E.I. Dupont	Chemicals Industry	1,891	0.4
AT&T	Communications Utility	1,720	0.3
Wal-Mart	Retail Industry	1,654	0.3
Entex/Reliant Energy	Natural Gas Utility	1,227	0.2
Total		144,434	28.3
All other taxpayers		<u>366,454</u>	<u>71.7</u>
Total all assessments		<u>\$ 510,888</u>	<u>100.0%</u>

(1) Assessed valuation taken from 2000 Realty, Personal Property, and Public Utility tax rolls collected in fiscal year 2001.

TABLE 7  
(Unaudited)

**CITY OF GULFPORT, MISSISSIPPI**  
**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED**  
**VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**  
(Amounts Expressed in Thousands)

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Assessed Value (1)</u>	<u>Gross Bonded Debt (2)</u>	<u>(3) Less: Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
1993	41	\$ 187,313	\$ 18,490	\$ 243	\$ 18,247	9.74%	\$ 445
1994(4)	68	215,754	17,700	432	17,268	8.00%	254
1995	69	384,070	17,185	356	16,829	4.38%	244
1996	70	392,952	24,900	485	24,415	6.21%	349
1997	71	424,502	24,065	296	23,769	5.60%	335
1998	71	413,869	35,445	274	35,171	8.50%	495
1999	71	427,950	27,725	424	27,301	6.38%	385
2000	71	439,209	27,375	766	26,609	6.06%	375
2001	71	571,087	26,060	1,666	24,394	4.27%	344
2002	72	582,087	24,650	2,206	22,444	3.86%	312

(1) From Table 4.

(2) Does not include revenue bonds or school district bonds which are not paid with General Government revenues.

(3) Amount available for repayment of general obligation bonds.

(4) Annexation effective January 1, 1994.

SOURCE: Prior audit reports.

TABLE 8  
(Unaudited)

**CITY OF GULFPORT, MISSISSIPPI**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR**  
**GENERAL OBLIGATION BONDED DEBT TO TOTAL**  
**GOVERNMENTAL EXPENDITURES**  
**LAST TEN FISCAL YEARS**  
(Amounts Expressed in Thousands)

Fiscal Year	General Obligation Bonds (1)		Total Debt Service	Total Governmental Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
	Principal	Interest			
1993	\$ 485	\$ 307	\$ 792	\$ 21,303	3.72%
1994	790	1,449	2,239	34,582	6.47%
1995	720	998	1,718	40,302	4.26%
1996	785	887	1,672	47,208	3.54%
1997	835	1,328	2,163	48,965	4.42%
1998	1,060	1,270	2,330	45,390	5.13%
1999	1,280	1,734	3,014	53,487	5.64%
2000	1,350	1,419	2,769	52,687	5.26%
2001	1,315	1,394	2,709	62,014	4.37%
2002	1,410	1,319	2,729	59,201	4.61%

(1) School District General Obligation bonds are not included.

(2) From Table 1.

SOURCE: Prior audit reports.

TABLE 9  
(Unaudited)

**CITY OF GULFPORT, MISSISSIPPI**  
**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**  
**GENERAL OBLIGATION BONDS**  
**SEPTEMBER 30, 2002**  
(Amounts Expressed in Thousands)

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Amount Applicable to Government	Percentage Applicable to Government
Direct:			
City of Gulfport (1)	\$ 22,444	\$ 22,444	100.00%
Overlapping:			
Harrison County	48,070	17,980	37.40%
Gulfport School District (2)	26,104	26,104	100.00%
Total overlapping	74,174	44,084	
 Total all	 \$ 96,618	 \$ 66,528	

(1) Excludes School District bonds, capital leases, negotiable bank notes and amount available for repayment in the debt service fund.

(2) Includes \$1,540,000 bonds reported on City's debt schedule and paid by the School District.

SOURCE: Debt schedules for City of Gulfport, Harrison County and Gulfport School Districts.

TABLE 10  
(Unaudited)

**CITY OF GULFPORT, MISSISSIPPI**  
**REVENUE BOND COVERAGE**  
**LAST TEN FISCAL YEARS**  
(Amounts Expressed in Thousands)

Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
1993	\$ 5,242	\$ 3,853	\$ 1,389	\$ 406	\$ 597	\$ 1,003	1.38
1994	6,224	5,510	714	518	644	1,162	0.61
1995	8,398	5,971	2,427	592	742	1,334	1.82
1996	9,653	6,561	3,092	658	771	1,429	2.16
1997	10,830	7,429	3,401	688	737	1,425	2.39
1998	11,194	9,564	1,630	351	291	642	2.54
1999	14,477	11,199	3,278	365	277	642	5.11
2000	15,396	13,778	1,618	379	1,257	1,636	0.99
2001	15,750	14,193	1,557	389	2,131	2,520	0.62
2002	18,509	15,344	3,165	603	2,301	2,904	1.09

(1) Total revenues (including interest) excluding connection charges.

(2) Total operating expenses exclusive of depreciation and amortization.

(3) Includes revenue bonds and state revolving loans paid from the Water and Sewer Fund. It does not include general obligation revenue bonds recorded in the water and sewer fund.

SOURCE: Prior audit reports.

TABLE 11  
(Unaudited)

**CITY OF GULFPORT, MISSISSIPPI  
DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Estimated Population (1)</u>	<u>Per Capita Income (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (2)</u>
1993	41,314	\$ 15,869	6,338	6.40%
1994	68,100	17,187	6,362	6.70%
1995	69,120	18,328	6,147	7.80%
1996	70,310	19,644	6,127	6.00%
1997	71,363	20,285	6,287	4.00%
1998	71,363	21,828	6,400	3.90%
1999	71,127	19,007	6,339	3.30%
2000	71,127	19,166	6,263	3.60%
2001	71,500	17,899	6,281	4.40%
2002	72,000	18,155	6,202	5.20%

(1) City Planning Department estimates.

(2) Mississippi Employment Security Commission, information not available for all years.  
1999 and 2000 information provided by U.S. Census Bureau by Metropolitan  
area of Biloxi-Gulfport-Pascagoula, MS

(3) Gulfport School District.

TABLE 12  
(Unaudited)

**CITY OF GULFPORT, MISSISSIPPI**  
**PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS**  
**LAST TEN FISCAL YEARS**  
(Amounts Expressed in Thousands)

Fiscal Year	Actual Property Value (1)	Non-Residential Construction		Residential Construction		Bank Deposits (2)
		Number of Units	Value	Number of Units	Value	
1993	\$ 867,463	54	\$ 13,165	70	\$ 8,122	\$ 605,351
1994	889,211	83	18,113	247	44,476	834,323
1995	1,375,972 (4)	109	44,010	235	36,475	823,950
1996	1,428,450	114	48,344	229	29,197	877,617
1997	1,502,749	86	65,018	279	103,771	954,806
1998	1,545,731	127	136,862	302	30,725	925,428
1999	1,572,624	144	67,754	431	45,163	979,193
2000	1,596,001	100	37,519	471	83,868	1,031,526
2001	2,422,164	109	29,080	278	41,054	1,012,830
2002	2,471,564	30	39,723	320	29,475	2,005,708

(1) Total real property value from Table 4.

(2) Includes: Banks, Credit Unions and Savings and Loan Institutions.

(3) Increase due to gaming industry.

(4) Increase due to annexation.

SOURCE: City Planning Department monthly reports and Federal Deposit Insurance Corporation

TABLE 13  
(Unaudited)

**CITY OF GULFPORT, MISSISSIPPI  
MISCELLANEOUS STATISTICS  
SEPTEMBER 30, 2002**

**GENERAL:**

Date of incorporation	1898
Form of government	Mayor/Council
Population estimate (2000 Census)	72,000
Area in square miles	62
Number of employees (excluding Police and Fire)	305

**FACILITIES AND SERVICES:**

Miles of streets	440
Number of street lights	10,323

**RECREATION:**

Community centers	7
Recreation centers	3
Senior citizen center	1
Parks	23
Park acreage	600
Ball fields	23
Tennis courts	7
Lighted walking tracks	6
Water front piers	4
Small craft harbor (40 acres)	289 slips

**FIRE PROTECTION:**

Number of stations	12
Number of fire personnel and officers	174
Number of calls answered	7,896
Number of inspections conducted	1,441
Current fire insurance rating	4

**POLICE PROTECTION:**

Number of stations	3
Number of full time sworn officers	203
Number of non sworn officers	95
Number of residents per sworn officer	354
Arrests	9,538
Traffic violations	27,556

**WATER SYSTEM:**

Miles of water mains	888
Number of service connections	24,100
Number of fire hydrants	3,080
Daily average consumption in gallons	11,900,000
Average gallons pumped per day	10,287,854
Storage capacity in gallons	6,412,000

**OTHER STATISTICS:**

Education (served by city school system):	
Enrollment 01-02 school year	6,202
Elementary schools	7
Middle schools	2
High schools	1
Alternative school (The Learning Center)	1
Community College	1
Median age of City population (1990)	31.4
Harrison County unemployment rate	4.70%
City of Gulfport unemployment rate	5.20%
State of Mississippi unemployment rate	6.10%

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